FERRET



The English in Tuscany: less snobbery, less style



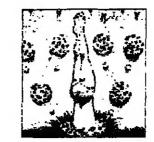
Two bites at the Big Apple: **British design and** Japanese shapes

Page X, XI

http://www.FT.com



Weekend



The city left to sink or swim in a sea of radioactivity

Page XXII





All change in the suburbs; a family affair, bloc to block

Plus much more in a 14-page supplement

Japan's parties agree on formula to launch finance sector reform

By Michtyo Nakamoto in Tokyo

Japan's government and opposition parties yesterday agreed on banking sector reforms that pave the way for measures to tackle the country's massive bad loan problem and revitalise the failing financial sector.

The deal will allow Keizo Obuchi, the prime minister, to meet US President Bill Clinton next week with evidence that Japan is working to solve its financial sector problems. US officials have recently increased pressure on Japan to speed its banking sector reforms and resuscitate its economy to prevent a global slump.

The agreement calls for the temporary nationalisation of the troubled Long Term Credit Bank of Japan and the establishment of an independent body, the Financial Revival Committee, to oversee the process. A Y13,000bn (\$97bn) public fund to recapitalise weak banks will be abolished and the finance ministry will be stripped of its powers over finan-

tiations on Thursday between the ruling Liberal Democratic party and an opposition alliance. In the end, Mr Obuchi and the LDP had to give in to most of the opposition's demands on key issues.

Naoto Kan, leader of the Democratic Party of Japan, the largest opposition group, hatled the deal as a victory for the opposition. "The government and LDP have accepted the proposals of the three [opposition] parties almost

in their entirety," he said.

Mr Obuchi said his decision to give in to the bulk of the opposition's demands was based on his determination that "no matter what, Japan must not cause a financial recession in other countries".

There was general relief that a deal had at last been reached. However, analysts expressed concern that the measures agreed were not a comprehensive blueprint for reform but only one step in a long process of dealing with the problems of the finan-

"I think this is a very significant first step which is a much The agreement was reached in clearer plan [than the LDP's],"
Tokyo after round-the-clock nego-said Yoshimasa Nishimura,

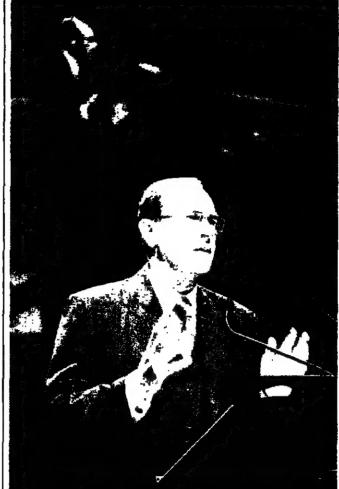
in Tokyo. "But it is just the beginning and it will be very hard to implement it."

Questions remained over how and at what price the government would buy the shares of LTCB and other banks which ask to be nationalised, and what criteria would be used to determine healthy and unhealthy borrow-

Neither does the plan address the issue of how to revitalise weak banks and prevent a further credit squeeze, critics say. "You're going to have to privat-ise [the banks] eventually, which assumes someone needs to have the capital to buy the bank's good assets," said Richard Koo. chief economist at Nomura Research Institute.

Mr Koo warned that the strict measures could drive other troubled Japanese banks to cut off their weaker borrowers, resulting in a further credit squeeze. The LDP is calling for an alternative mechanism for recapitalising weak banks to be included in the

Analysis, Page 4; Lex, Page 24



Daimler Benz chief Juergen Schrempp addresses shareholders in Stuttgart as hey prepared to vote on the merger with Chrysler of the US. Chrysl ors earlier voted Yes, Reports, Pages 23 and 24

Congress to release Clinton video tapes

By Richard Wolffe in Washington

bitterly divided US Congressional judiciary committee yesterday voted to release more evidence from the Starr report into the Clinton-Lewinsky affair - including video tapes of the president's testimony - amid accusations that the Republicans were trying to bound him from

The White House condemned the Republican-led vote to release about 2,800 pages of evidence on Monday. Republicans insisted they were

ustified in publishing the new evidence because of the president's continued denial that he committed perjury when he testified that he did not have a sexual relationship with the former White House intern.

Barry Toiv, a White House spokesman, said: "The Congress

has important work to do here. and the American people have a right to fundamental fairness and bipartisan co-operation. Instead of fairness, some Republicans want to rush the release of salacious material, defying the finest traditions of the House of Representatives." The angry exchanges over the

new evidence suggest there is certain to be a fierce, partison battle over the issue of impeaching Bill Clinton. Kenneth Starr. the independent counsel, argues

there are 11 grounds for impeaching the president, based on claims that Mr Clinton committed perjury, obstructed justice and tampered with witnesses in un effort to cover up his affair with Monica Lewinsky.

Democrats yesterday attacked their Republican rivals for failing to offer the president an opportu nity to review or rebut the Starr evidence. They claim former president Richard Nixon was given more freedom to defend himself in the Watergate proceedings St years ago.

However, the committee voted to censor about 140 passages of documents. Henry Hyde, the committee chairman, rejected opinion polls showing a large majority do not want the president's video-taped testimony to be released. "We are trying not to be guided by polls but by our instincts and our conscience," Mr Hyde sald.

The committee's next formal step, after the release of any the full House for approval to

begin imp-achment hearings.

Barney Frank, a senior Democrat on the committee, said: "The committee has done nothing to determine how you decide what is impeachable, or even how to decide how to decide."

INF rebuil for Clinton, Page 3

Shell warns of Asian contagion depressing business worldwide

STREET, SECTION

investments

4 . The

STEEL COLOR

Royal Dutch/Shell, international oil group, yesterday warned of a sharp deterioration in trading thriditions as the impact of the hard economic crisis was increasingly affecting other regions and markets.

Mark Moody Stuart, group chairman, said the slowdown in the Asia-Pacific region "seems to be spreading to other parts of the world". In a speech to fund

the business environment in the second half of the year will be significantly worse than in the first helf." Last month, he said the group had begun to see the effect of the Asian crisis in many

unexpected ways.

Mr Moody Stuart announced
the closure of Shell's national headquarters in the UK, the Netherlands, France and Germany. Shell officials said it was

who have long resisted radical change at the group. It was also a trends, has concluded that the signal to employees that even the most entrenched traditions at Shell will be challenged in the gloomy. quest to improve the group's performance.

Analysts said Shell, which operates in more than 120 countries, was one of the best indus-

Business

Alcatel struggles to restore confidence

Cathay set to join BA-American alliance

Chrysler wins merger backing

carmakers, yesterday gave overwhelming approval for their company's merger with Daimier-Benz of Germany, removing the biggest barrier to creating a new transatilantic force in the motor industry.

Page 24; Turning point for Chrysler, Page 23

Alcatel, the French telecommunications equipment company, was struggling to restore shattered investor confidence after the collapse

Cathay Pacific, the Hong Kong-based carrier, is expected to join Brit-

ish Alrways and American Airlines in their planned worldwide alliance. The inclusion of Cathay will strengthen BA and American in their bat-tle against the six airline Star Alliance. Page 24

> The profits warning from Royal Dutch/ Shell meant that European stock markets ended another bad week with more

losses. The Dutch stock market dropped

week to 5 per cent. Parls fell 3.2 per cent

over the five day period and Frankfurt 2.5 per cent. Profit downgrades continued to

affect electronics and information technol-

_78.19

2.8 per cent, bringing its decline for the

of its share price triggered by its unexpected profit warning this

Shell profits warning ends bad week for shares

ogy stocks after Alcatel's warning on Trursday. World stocks, . Pages 20-21; UK stocks, Page 17; Currencies, Page 9; Bonds,

NEC warns of heaviest loss as market collapses

In the latest in a series of profit warnings by Japanese electronics

Shareholders in Chrysler, the smallest of America's "Big Three"

oil market and macroeconomic outlook across its main businesses was almost uniformly

Crude oil prices for the full year were likely to average "considerably less" than \$15 a barrel, against more than \$19 last year, Mr Moody Stuart said. Refining trial bellwethers to the state of and chemical margins were also the global economy. The com- being squeezed. He warned that

and \$16 per barrel" for two to return on average capital. three years.

political unrest because of a col-

lapse in their oil revenues.

managers in San Francisco, he an assault on the powerful "coun-warned: "Overall we expect that try barons" in northern Europe pessimistic this year in assessing depressed at levels between \$12 ing a 12 per cent to 12.5 per cent part to "manage investor expec-

Analysis said that would be marked departure from Shell's good news for containing global previous practice of only grunginflation, but it would put more ingly providing detailed informafinancial pressure on the main tion to investors. Shell officials organisation structure arising producing countries, some of said they were concerned that from the closures of the Eurowhich already face social and analysts' expectations of the group's future performance were diverging sharply from the busi-Mr Moody Stuart admitted that ness reality it was confronting A dose of reality, Page 22

tations" and said the statement Yesterday's statement was a marked a new chapter in the company's transformation.

The group provided no details of job losses or changes in the pean notional headquarters.

Shell was now unlikely to meet around the world. They also Lex, Page 24

General

Primakov outlines strategy

Yavgeny Primakov, Russia's prime minister, yesterday fleshed out his government's evolving economic strategy, saying the main priorities would be to stabilise the rouble "by economic means" and honour all the country's debt obligations. But in a sign of a more interventionist approach, he said he intended to reimpose state monopolies on the production and distribution of tobacco and alcohol. Page 2

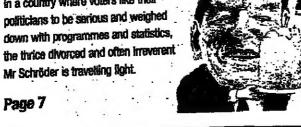
Brazil plans special legislation on economy Brazil's congressional leaders are planning to recall the legislature during its two-month summer recess to vote on legislation aimed at reducing the country's crippling budget deficit. Senate president Antonio Carlos Magaihães will push for a special session to approve a number of bills, including a controversial tax reform. Page 3

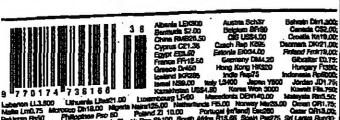
Nationalist victory threatens Bosnian peace plan As hardline ultra-nationalists head for victory in Bosnian elections, the western peace strategy that ended the civil war nearly three years ago is under threat. The Dayton treaty goals of rebuilding an ethnically integrated country that could stand on its own feet as an independent state have been blown to pieces. Page 7

'Doom and gloom' hits UK confidence it is unlikely that British consumers are spending less because of turmoil in Asia or Russia's currency crisis. It consumer confidence has fallen - as recent surveys say it has - it is more likely to be caused by the stream of "doom and gloom" economic news. In recent weeks the gloom has multiplied, from companies warning of lower

profits to a string of closures and redundancies. Page 6

Gerhard Schröder in a country where voters like their politicians to be serious and weighed down with programmes and statistics, the thrice divorced and often irreverent





groups, NEC, Japan's biggest maker of semiconductors, warned that the collapse in the global chip market would result in a half-year loss of Y20bn (\$151m), its heaviest. The group announced a big restructuring as a result, almed at restoring profitability. Page 23 FT.com: the FT web site provides updated news and an online archive of back articles at http://www.FT.com Contents

Money mericets FTSE Ach Récent issues FT/S&P-A Wild Indices Gold markets Wall Street -· Equity options Bourses FT Weekend LSE dealings

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Threadneedle



Yevgeny Primakov, Russia's prime minister, yesterday fleshed out his government's evolving economic strategy, saying the main priorities would be to stabilise the rouble "by economic means" and honour all the country's debt obligations.

would adopt a more interventionist approach than the previous government, Mr Primakov said he intended ahead. to reimpose state monopolies on the production and distri-

Separately, the central plan to re-establish direct control over an increasing

Bildt to

minority

'turmoil'

By Tim Burt in Stockholm

turmoil in Sweden rose yes-

terday after Carl Bildt,

leader of the opposition Mod-

erate party, warned that he

would seek a vote of no con-

fidence in the ruling Social

Democrats if they tried to

form another minority gov-

ernment following tomor-

Mr Bildt, a former prime

minister and international

peace envoy to Bosnia, said

attempts to form a left-of-

centre minority government

could further destabilise the

accept is turmoil where the SDP forms a minority seek-

ing support from different

parties on a weekly basis."

He was speaking as opin-

ion polls indicated the SDP's

share of the vote would fall

from 45.3 per cent at the last

election to about 37 per cent.

If that were the result tomor-

row, it would be one of the

SDP's worst showings since the second world war.

Both the SDP and the Mod-

erates - on about 25 per cent

- have lost ground to

smaller parties during the campaign. The former com-

its support rise from 6.2 per

cent in 1994 to almost 12 per

cent, mainly by wooing dis-

affected SDP supporters.

Meanwhile, support for the

centrist Christian Democrats

has more than doubled to

Those figures suggest that

Göran Persson, the prime minister and SDP leader.

would need the backing of

two other parties to be sure

All four non-socialist par-

oppose the SDP, while the

Left has demanded a relax-

ation in the government's

tight spending policies and

more public sector jobs in

Mr Bildt - who hopes to

form a centre-right coalition

with the Christian Demo-

crats. Liberals and Centre

parties - said Mr Persson

would be forced to resign in

the face of an all-party vote

The SDP, meanwhile, reit-

erated it would not seek a

coalition with the Left,

although it might consider

informal alliances. Erik

Asbrink, finance minister.

said the SDP could work

with any other parliamen-

tary party with the excep-

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tion of the Moderates.

FINANCIAL TIMES

GERMANN:

FRANCE:

SWEDEN:

of no confidence.

return for its support.

about 11 per cent.

of a majority.

Mr Bildt said.

"What I fear and will not

krona and equity market.

row's general election.

resist

share of exporters' hard cur- Some liberal politicians rency earnings. It also con- are already voicing concerns firmed it would print money about the drift of Mr Primato buy back frozen government debt from domestic ory Yavlinksy, the leader of banks, injecting liquidity the Yabloko party, said the the Financial Times. into the banking system.

Some elements of Mr Primakov's programme clearly which prevented his team run counter to the Interna- from joining the cabinet. tional Monetary Fund's But in a clear sign he advice that Russia should further liberalise its econ-

"We have every reason to on the production and distri-bution of tobacco and alco-Primakov said. "However, lable inflation. He said he we will not accept ultimabank said it was finalising a organisations and we will to stop further emissions of follow the path which we

kov's economic policy. Grignew government was exhibiting "very scary symptoms"

Mr Yavlinsky said the decision to put Yuri Maslyukov, a Communist MP, in omy, suggesting there could charge of economic policy be some tough talking and appoint Victor Gerashchenko as head of the central bank threatened to did not believe these two tums from international men would be strong enough money once the printing

trolled' emission would very soon turn into an uncontrol led rainfall of money," he said, in an interview with

But Mr Yavlinsky, the first parliamentary leader to back Mr Primakov's candidacy as prime minister, warmly praised the political skills of the 68-year-old former foreign minister, who was overwhelmingly endorsed by parliament a week ago.

"By this nomination we have avoided a disaster," Mr Yavlinsky said. "Russia needed a legitimate public figure who could be some kind of understudy to the president and who could, if necessary, handle [presiden-



As the rouble continues its fall and winter approaches, elderly

West may demand payment in dollars

By Clay Harris in London and Arkady Ostrovsky in Moscow

Western banks preparing to enter negotiations with the Russian government over short-term government debt are leaning towards demanding settlement in dollars, The prospect of political rather than roubles.

By the end of a third day of talks yesterday in London, a group of 18 European. US and Japanese banks had not reached a decision on the issue, but one participant said a consensus was emerging in favour of dollars.

The banks yesterday sent second letter to Yevgeny Primakov, the new Russian prime minister. It urged him to postpone for "the longer effectively defaulted last month, for new securities.

They also told him that a working party of 10 banks.

led by Deutsche Bank, would represent them in talks. Formal discussions are expected to begin next week with the finance ministry and Russian regulatory authorities. Edson Mitchell, Deutsche's

head of global markets, will chair the working party. In addition to Deutsche and Credit Suisse First Boston, as deputy, members include ABN Amro, Chase Manhattan, Citibank, Nomura and four other banks.

On Thursday, the banks had told Mr Primakov that proposed terms - denominated in roubles, and expected to be worth only 4 cents term" any deadline for on the dollar - were "unacexchanging GKOs and OFZs, ceptable and [were] being the short-term instruments forced upon creditors unilaton which the government erally in an unacceptable craft lands, it's going to be

Local representatives of was to send the same mesletter were summoned vesterday to a meeting with the Russian Securities and Exchange Commission.

would honour its international obligations. "The prestige of the country has been dealt a severe blow," he said. Some banks admit they have little prospect of extracting much more money. A senior banker said: "We know they cannot

down with us. We will not accept untlateral action." But he added: "If they don't sit down and negotiate, they are going to be sued all over the world. All their assets will be attached. Every time an Aeroflot air-

seized." A second purpose

the banks which signed the sage to other countries possibly contemplating similar action.

He was heartened, however, by the installation of a new government in Moscow. Mr Primakov said Russia "We all liked the reformers. but they were naive. The people in there now may not go our way ideologically, but they know what the rules

Western banks remain concerned, however, about the issue of equal treatment for foreign and domestic pay, but before we agree to something, they have to sit banks. No sooner did the govern-

ment indicate its readiness to repent than the central bank said it would bail out Russian banks by redeeming their GKOs at their pre-default value. Andrei Kozlov, deputy

commercial banks

would be allowed to use their reserves to make stalled payments to depositors. The central bank would than replenish these reserves by

redeeming the GKOs. Russian banks seem to understand that discrimination would only further damage confidence. Pyotr Aven, head of Alfa bank, said yes terday: "They can not treat Russian banks better than foreign investors. If they do something for Russian banks, they have to do the same for foreign banks."

The GKO default and moratorium on foreign credits was "a crucial mistake", he said. "It punished the foreign investors and did not really support the Russian banks. It damages the confidence in Russian banks and made it much head of the central bank, harder for us to get foreign

NEWS DIGEST

EU NEGOTIATIONS WITH S AFRICA

Trade talks stalled over 'port' and 'sherry'

Talks on an ambitious free trade agreement between the European Union and South Africa were unexpectedly broken off yesterday - a day early - amid wrangling over the food and wine trade. The suspension is a setback for both sides, who started the week saying they were optimistic of the chances of a breakthrough in the 21st round of talks in

EU leaders had set an autumn deadline for agreement, after an earlier target of last June's Cardiff EU summit was overshot, Elias Links, South African ambassador to Brussels, accused the EU of breaking the spirit of its Cardiff statement by refusing to reveal its final offer on agriculture - most contentious part of the overall agreement - until a side deal could be concluded on wines and spirits. That deal would involve ending South Africa's use of the

terms "port" and "sherry" to describe its fortified wines, which South Africa says is a 300-year-old tradition. Philip Lowe, EU chief negotiator, said Brussels would be acting against EU interests if it revealed its final offer on agriculture without at least the "final shape" of the wine

and spirits agreement being known. Mr Links said South Africa would not re-start talks on the main agreement until a new agriculture offer was received. But talks may restart in two weeks on wine and spirits. Neil Buckley, Brussels

ALBANIAN UNREST

Berisha loses immunity

Albania's Socialist-led government yesterday moved closer to a showdown with Sali Berisha, the former president, when parliament voted overwhelmingly to remove his

immunity from prosecution. Shortly before the vote, Mr Berisha, leader of the opposition Democratic party, held a peaceful raily of some 3,000 supporters in central Tirana. He said he would make any sacrifice to bring down Fatos Nano, the Socialist prime minister.

A government official quoted the state prosecutor as saying he would launch an investigation into the two days of violence and looting this week in which armed supporters of Mr Berisha attacked Mr Nano's office. Mr Berisha denies accusations by Mr Nano that he had planned a coup and blames him for the murder a week ago of Azem Hajdari, a leading opposition activist.

Diplomats in Tirana fear renewed violence if the prosecutor summons Mr Barisha for questioning, and if as expected, he refuses. Guy Dinmore, Belgrade

GERMAN ELECTION

SPD poll lead cut again

With Germany's general election only eight days away, the opposition Social Democrats' lead over Chancellor Helmut Kohl's ruling coalition has narrowed to 2 percentage points, a leading political research institute said yesterday Projections based on a poll by Mannheim-based For-schungsgruppe Wahlen (FWG) gave the SPD 39.5 per cent, down 1.5 percentage points, while the Christian Democrat Union/Christian Social Union rose 1 point to 37.5 per cent. The Greens scored 6 per cent and the small Free Democrat Party, junior partner in Mr Kohi's coalition,

dition

5.5 per cent. The improvement for the CDU/CSU came largely because of the strong showing of the CSU in Bavarian state elections last Sunday, where the party won 52.9 per

cent of the vote, a spokesman for FWG sald. palgn targeted at voters in eastern Germany who, according to opinion pollsters, show more volatile voting habits

and could swing the outcome of the election either way. The SPD is attaching particular importance to seven eastern German constituencies, where support for the former communist Party of Democratic Socialism is strong. A return of the PDS to parliament would probably scupper the SPD's hopes of forming a coalition government with the Greens. Tobias Buck, Bonn

IRAQ OPPOSITION

Kurdish factions agree Iraq's two rival Kurdish factions have agreed an end to

two years of conflict and paved the way for a power-sharing arrangement in the autonomous Kurdish north.

The agreement reached by Massoud Bazzani, leader of the Kurdistan Democratic Party (KDP) and Jalal Talabani, head of the Patriotic Union of Kurdistan (PUK) in a meeting at the US state department late on Thursday, was billed by US officials as a new beginning in the parties' efforts to work together.

The deal is part of a long-standing US attempt to unify the Iraqi opposition and exercise pressure on the Iraqi regime. But the Kurds' history of factional fighting leaves considerable doubt as to whether it can last longer than previous similar agreements. Roule Khelaf, London

AIDS TREATMENT

FDA approves new daily drug

The first Aids drug with once-a-day dosing was approved yesterday by the US Food and Drug Administration, A product of DuPont Pharmaceuticals, the new treatment will be marketed under the brand name Sustiva. The drug will arrive in US pharmacies early next week.

Like most Aids treatments, Sustiva will be taken in con-

junction with other antivirals as part of a drug "cocktail", but because it can be taken just once daily, with or without food, it substantially reduces patients' overall pills burden. Aids sufferers are often asked to take eight pills, five times a day, some with and some between meals. Keeping track of this schedule can be overwhelming and substantially interfere with quality of life.

With a price tag of \$3,942 per year, Sustiva is not cheap; however, DuPont points out that it is less expensive than the main alternative drug, protease inhibitors. Victoria Griffith, Boston

HAMAS THREAT CLAIMED

Israel seals West Bank again

Israel yesterday sealed off the West Bank and Gaza for the second time in a week, saying the Palestinlan Islamic group Harnas had threatened it would kidnap Israeli soldiers and bomb Israeli cities. The closure will be reviewed on Wednesday, after the Jewish New Year holidays.

The threats by Hamas were made after Israel said it would refuse to hand over the bodies of Imad and Adel Awadallah, two brothers and members of Hamas who were shot dead by Israeli soldiers 10 days ago in a raid on a Hamas safe house in the West Bank.

Israeli government officials said they would keep the bodies, intending to use them as bargaining chips for bodies not returned to Israel. Judy Dempsey, Jerusalem

Shadowy figures behind Eta's war and peace

The Basque militants' ceasefire, which took effect yesterday, has a carefully calculated political dimension, reports David White

ists of Eta. But Eta's unilateral ceasefire, in its first day ber of liberados - full-time of operation, can be traced to fighters - in Spain, a larger earned it massive public living in France. repudiation in the region and the rest of Spain.

The man thought to be behind the truce announcement is 37, comes from San Sebastián, and has been livunder a false identity since the mid-1980s.

Mikel Albizu - nom guerre Mikel Antza - is regarded as one of two supreme chiefs of Eta. As its "ideologue", he is responsities have vowed not to ble for its political side, strategic planning and liaising with the Patriotic Socialist Co-ordinating Committee (KAS), the nucleus of the web of legal and illegal radical Basque movements.

The other, Ignacio Gracia Arregi, 43, known as Iñaki de Renteria, is the only senior member left from the



which covers a small num-

Hunted down by French ing somewhere in France firmed reports have located some leaders in Belgium.

Security officials say Eta can also call on perhaps 300 to 400 more receiving financial support in Latin America. Kidnap ransoms account

for much of its tightly controlled resources. But the officials say it has been unable to keep up an effect announcement late on such as release of Eta prisoning the historical Basquetive extortion racket on companies and popular support in the Basque region has been waning. have been under discussion for eight months or more. with evolving contacts

Basques woke up yesterdays when Eta was fighting between the region's establishment party, the Basque certainty: there would be no killing by the separation. He heads the military operation, political arm. Herri Batasuna (HB), whose top officials were all jailed last the same hand as the recent network of legales or people December. The HB negotiastrategy of coldly selected not yet on police files, and a tors included a former Eta political murders which has permanent reserve of others member, Arnaldo Otegi, now the party's main spokesman. police in the border region, its change in policy was a

What Eta needed to justify they are believed to be con- joint front of the various centrated mainly in the nationalist parties, unions Toulouse area and Brittany, and lobby groups in the although recent uncon- region. This "new context" was provided last weekend with a joint declaration, including HB and the Communists, proposing open-ended talks. Both of Spain's main parties, the governing centre-right Popular party and the Socialists,

were disgusted. Wednesday caught the government off its guard - the prime minister, José Maria Aznar, was in Peru, his dep-A ceasefire is thought to uty at a bull-fight, and the interior ministry unclear what was happening. Eta scored a propaganda coup by releasing a video version exclusively to the BBC. ensuring worldwide coverage and comparison with Northern Ireland's success-

> ful peace process. The initiative was probafaces an unwelcome alignment of forces in Basque politics, with regional elections ously seemed the most likely scenario for any negotiated



But the ceasefire talks restricted to issues sovereign institution" coverers. The nationalist declaration has now driven a wedge between the main national Spanish parties and the rest, and opened the agenda for discussion to Basque sovereignty and the Spanish constitution.

How secure is the ceasefire? The outcome of the October 25 regional election will have a significant effect on whether it lasts. The PNV, which helped broker the truce, is likely to benefit bly the last thing the Span- and consolidate its leading ish government wanted, position. Both it and HB Without anything to offer in stand to gain support from return for the ceasefire, it voters who believe those parties provide the best guaran-

tee of the truce sticking. Eta deliberately laid down may well bring up conditions later. Its document was deal was all the "demo- uncompromising when it cratic" parties sitting across came to stating political the table from HB, with objectives - a "single and him two weeks ago.

speaking areas of both Spain and France - and justifying its own armed campaign to date. This has cost about 900 lives, including more than 100 of its own members. Its triumphant tone may be interpreted as a reflection

of internal divisions, aimed at placating members In any event, it differs sharply from the reappraisal made in recent months by

Mikel Albizu's predecessor es Eta "ideologue," José Luis Alvarez, known as Txelis. who was arrested in France in 1992. He had been involved in breaking off a previous tentative peace process in 1989. With several in five weeks. What previ- no specific demands. But it other convicts, he has recently criticised Eta's past policies and called for a definitive end to violence The organisation expelled

road haulage further talks set as threat of disruption looms at ports and borders

Truck drivers fail to win deal over hours

By Michael Smith in Brussels

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Lambert, clo The Financial Times Limited.
Number One Southwark Bridge, London
een datt Talks between European road transport employers and unions over working PRACTE: Publishing Director, P. Martavigia, 42 Rue La Boette, 7508 PARIS Telephone (61) 5376 8254, Fax (01) 5376 8253, Printer S.A. Nord Eclair, 15721 Rue de Caire, F-9400 Roubaix Cedex 1 Editor, Richard Lambert, ISSN 1148-2753, Commission hours ended without agreement last night, bringing closer a threat of disruption on roads at ports and international borders.

Unions had previously threatened a series of protests if employers failed to hour week. agree to a 48-hour week, the European Union already enjoy.

At the suggestion of the

EU's executive, the unions hours to an 11-hour period ahead of yesterday's negotia- had been exempted from EUand employers agreed to a during any 24 hours and tions, bringing traffic to a wide legislation agreed by final attempt to reach an restricted night-time driving halt at several ports and bor-member countries earlier in accord on September 30. But to eight hours. the two sides seemed far

apart. the end of the month, it would bring forward proposals for laws introducing a 48-

Its proposed directive agreement considered yester- introduction of the 48-bour day by management and week. unions at talks in Brussels.

However, any proposal brought forward by the Com-The Commission said if mission would need to be take years to implement.

professional drivers have agement side. already shown their impatience over what they con-

agree a deal soon. In yesterday's discussions, companies," he said, "No the industry and unions approved by the EU's 15 employers from the UK, sector can take that on the failed to reach agreement by member states and could Ireland and Denmark are chin" without more flexibilthought to have adopted the ity than the unions were pre-Unions representing 3.5m toughest stance on the man- pared to offer.

James Hookham, policy secretary of the FST union director at the UK's Freight confederation, had previwhich most other workers in would be similar to a draft sider to be slow progress on Transport Association, said ously warned that truckers road transporters needed were frequently required to more flexibility than other work more than 60 hours a The unions last Tuesday industries on working hours. week and action had to be European Commission, the The draft restricted working organised a series of protests That was why the industry taken,

ders and threatened more the decade. "A 48-hour week protests if employers did not would represent a 20 per cent reduction for many

Romolo Vivarelli, general

AL BANKAN (MIREST

SERVICE TO THE CONT

MAD CHANGE TO S

Kordish fautions agree

SPD politicad cut again

Berisha loses immunity

Rebuff for Clinton over Castro hits at the 'evils of neo-liberal globalisation'. Pascal Fletcher reports IMF funding

Legislation to replenish the Fund's reserves so it can murky future in a US House-Senate conference commit-

The House of Representatives approved a mere \$3.4hn for an IMF emergency fund on Thursday night, much less than the \$18bn sought by the Clinton administration as the US share of IMF

Adding to the uncertainty, Congress has included a provision in the funding legislation which would deny US foreign aid to countries or non-governmental organisations which include abortion in family planning pro-

President Bill Clinton vetoed legislation with simiar language last year and has threatened to do so again. But business lobbyists believe House members will ultimately accept the Senate version of the bill, which provides the \$18bn. They were not discouraged

when yesterday. Newt Gingrich, House speaker, attacked the IMF and foreign aid to Russia and Indonesia. "My guess is that at least 40 per cent of that money [for Russia] is now in Switzerland or Germany," he

"I don't think putting the next \$40bn into an unreformed Russia is going to accomplish anything except to prop up the crooks."

US Christian

shows its fury

Coalition

After the prayer breakfast naturally there would be a

lunch, and yesterday's huge gathering of the Christian Coalition in Washington had

Bill Clinton on the menu.

Lest week's religious meeting at the White House saw the president at his most spiritual, pleading for for-

giveness and admitting his

gates at the annual gather-

ing of one of the US's most

powerful political forces

"In the past few weeks,"

said Pat Robertson; the fire-

brand religious leader and

chairman of the coalition's

board, "we have seen one

man wreak political havoc."

He said if the White House

scandal had been turned into

a movie "it would have been

triple-X rated". The office of

the president "has become

the playpen of sexual freedom for the poster child of

the 1960s", he thundered,

pledging: "We will be silent

But as his attitude veered dangerously away from Christian charity, Mr Robert-

son managed with ease to

reconcile a call for impeachment hearings with an acknowledgment of the pres-

"We have heard a lot

lately about repentance and

forgiveness," he said, "and

we must be the first to for-

But he urged his audience

nonetheless to do their "duty

as citizens to preserve and

protect the constitution of

the United States even when

the president does not do

Mr Robertson made it

clear where he stood. The

Rock on the Potomac. It is

our house and he is a tenant

in our house. As landlords it

is time to say. This occu-

All speakers stressed that

the constitutional wran-

glings over the president

pant's lease is expired'.

Clinton" posters.

give Bill Clinton the man."

ident's recent contrition.

stood

and

as speakers Pet Robertson: office of

president has become the

up: Trent Lott, Senate major-

ity leader, Newt Gingrich.

speaker, Dick Armey, House

majority leader and Tom

the IMF, he said: "Unless we have serious, deep reforms International Monetary and accountability, we're not turning \$18bn over to a handle new crises is facing a French socialist to throw it away, which is what he's been doing."

Mr Gingrich, who has had to manoeuvre all year between his right wing and his far right wing, was talking to the Christian Coalition, a group of religious conservatives considered key to the Republicans in the coming mid-term elec-

leadership of the IMF to realise how critical the organisation is to our nation's farmbeing killed by the situation in Asia and elsewhere," said Bill Morley, director of Con-Chamber of Commerce.

"We support reforms (of the IMF) but they must go hand-in-hand with full and immediate replenishment." He said that at the end of the day, the \$18bn would be But there is also diagust in

the business community upon which the Republicans also count for support - that Mr Gingrich is "playing politics with a situation so vol-

The anti-abortion amendment is considered a threat because the president, in his weakened position, might feel compelled to "pick a fight with the Republicans" before the elections to expose the divisions within

Cuba sees itself as shining example amid global troubles

"I think that in the middle of bloc, including Russia. all this crisis, Cuba will be A recent episode showed an exception and an exam- how nations that once hailed ple," said Osvaldo Martinez, themselves as paragons of head of the Economic Affairs Commission of Cuba's National Assembly.

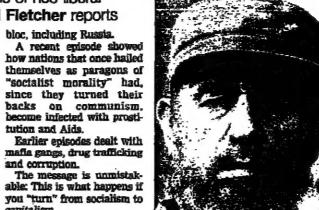
As the world's media debates the threat of widentution and Aids. ing global financial probs, there is a distinct tone of "I told you so" in public and corruption. pronouncements by the Cuban leadership.

This is especially true of Cuba's veteran globe-trotting president, Fidel Castro, who loses no opportunity on the international stage to regale his audience, more often than not at considerable length, with diatribes against the evils of "neo-liberal globalisation".

Adopting the tone of a tro presents "global neo-liberalism" as a frightening modern mutation of capitalist "imperialism", traditionally embodied by communist-ruled Cuba's neighbour and arch-foe, the US.

In Mr Castro's apocalyptic view, the International Monetary Fund is "the kiss of the devil" and privatisation, currency speculation and the "blind laws of the market" are similarly diabolical manifestations.

Spreading the message to the people, Cuba's state tele-Cuban-produced documentary series called El Viraje (The Turn), which paints a grim picture of social, economic and political decline in the countries of the former communist Soviet



will not be making such a turn, at least not under the Cuba's leaders appear to view the current international financial problems. the target of so much out-

> current global problems much less than other

side criticism, will feel the

claim that Cuba is, or can remain.

Falls in world prices for

In Castro's view, the International Monetary Fund is 'the

countries.

kiss of the devil' and privatisation, currency speculation and the 'blind laws of the market' are similarly diabolical

that combines state social- less from the world ecoism with "capitalist ele- nomic situation, that coun-

The thinly-veiled conclu-

sion? Fidel Castro's Cuba

and especially the case of

Russia, as a clear vindica-

tion of their vehement rejec-

tion of western-style capital-

ism in favour of a

current leadership.

sense of quiet satisfaction among senior Cuban officials, who often complain

try is Cuba," said Cuba's for- to cut back the island's There is no mistaking a eign investment minister, potential hard currency Ibrahim Ferradaz. He said the absence of a

stock exchange on the island dred million dollars. they get "more advice than and the inconvertibility of although lower oil prices are turning away from money" from friendly for- its currency effectively will provide some relief. shielded it from the debilitat-They say Cuba's state-run, ing shocks of speculative

by as much as several hun-The reduced export earn-

Cuban commodity exports,

sugar and nickel, are likely

completely

ings will further complicate ask what would tempt them

enced by other developing clouded by news that Cuba's sugar harvest this year was But even he would not years and reports of a serious drought ravaging food and export cross in eastern

> Cuban policymakers mainthin that the economy can still grow this your by But many foreign analysts. while they agree that from that Cuba remains a difincreased tourism carnings may help to offset some of the export losses, believe

that growth of around 1 per

cent will be the best that can be hoped for. And at a time when international foreign investors and bankers, scalded by losses in Asia and Russia, kets, it seems reasonable to

ket is still far from clear or Destrite these analysis a number of brave, gioneering foreign investors have found

ness niches in Cuba, fur example in touristit. But despute the undoubted lure of an exotic new marficult investment destinreform is slow and con strained by ideology, and where commercial risks are

unclear political future

heightened by continued

pean businessnan who has unpredictable emerging mar- Cuba: "The question is: is there really a market at all.

Mexicans are hit by further food price increase flood-stricken south-eastern ducers, who sell the corn

Mexicans yesterday faced third time this year as the would scrap across-the-board from 1,103 pesos. subsidies on Mexico's most widely-eaten staple food.

increased the fixed price of government-purchased corn sold to the tortilla industry government signalled it to 1,463 pesos (\$138) a tonne

The trade ministry lifted spurred by a sliding peso. tortilla prices 15.4 per cent But the ministry said they nationwide to 3 pesos (28 US were necessary to safeguard cents) a kilo, except in the more than 40,000 tortilla pro- wealthy are entitled to the

almost all Mexicans at a fixed price that barely allows them to break even.

The government, which has had revenues squeezed The increases are bound to this year by falling oil drive up inflation, already prices, spends more than \$1bn a year on tortilla and corn subsidies, in an inefficient system in which the

state of Chiapas. It also pancakes eaten daily by example, their maids who Mexicans, whose wages have fixed prices on all other food earn \$10 a day.

> spending, it was able to continue to supply free tortillas to some 1.8m of Mexico's poorest families and would expand other food support the ministry said.

programmes to the needy. The price support has long

slumped in real terms since By lowering subsidies at a the 1980s, and yesterday's milk. It has officially denied time of pressure on public tortilla price increase was greeted angrily by consumers. Subsidies have also been a means of buying support for the Institutional Revolutionary party (PRI), which

has ruled for almost seven decades. President Ernesto Zedillo's scrapped.

it will eliminate price controls on tortillas, but the industry expects a proposal to do so in the 1999 budget. industry experts say some 35m Mexicans could be given

free or cheap tortillas if the across-the-board subsidy was

Congress may be recalled

House of Representatives

DeLay, House majority whip. reform Brazil's tax system. The audience was also treated to the thoughts of Dan Quayle, former Bush, and Lt Col Oliver North, now a talk-show host and once indicted for conspiracy and obstruction of justice in the Iran-Contra

Mr Lott and Mr Gingrich said little about the Clinton scandal - leaving the thump ing rhetoric to those not in political office. Mr Gingrich said only that the House would let the facts decider "We in the House will do our duty. We won't do an inch more than our duty for partisanship and we won't do an inch less than our duty out of intimidation."

Then came a hint of the partisan with a swipe at Janet Reno, attorney-general, for not turning over documents on campaign finance she had been "hid-White House "is not Little

Mr Lott brought into the same sentence the "White House attack dogs" and contempt for this week's revelation of an old extra-marital affair of Henry Hyde, Republican head of the House judi-

should not be a partisan endeavour, as their overof the group's founders and whelmingly white, middlenow a political consultant. aged audience cheered a sucwho pressed home the attack cession of Republicans on by looking forward to a Conand off the podium and some gress that after November's elections would have many delegates held up "Impeach" more politicians that the In the line-up were a host Christian Coalition would of important Republican fig-ureheads of past and pressupport, politicians who "are not going to apologise for their personal and intimate The most powerful in the relationship with Jesus



By Geoff Dyer in São Paulo

leaders are planning to recall the legislature during its two-month summer recess to vote on legislation aimed at reducing the country's crippling budget

Antonio Carlos Magalhães, president of the Senate, said he would push for a special session from mid-December to mid-February to approve number of bills, including controversial plan to

"We have to show the world that we are doing something to protect the stability of the Real (Brazil's currency)," Mr Magalhaes said yesterday, following a meeting with President Fernando Henrique Cardoso and Michel Temer, leader of

the lower house of Congre Political analysts said the innouncement was a sign of the growing political will in Congress to push for an aggressive cut in public spending after the October

eneral elections. The government has adopted a clear strategy of using the crisis to get political support for its reforms," said Ricardo Pedreira, a political analyst at Santafe

A convincing package of budget cuts is Brazil's only hope of maintaining economic stability, economists

that by the end of the year they hoped to approve the following legislation: a pension reform bill, which needs three more votes in the lower house; the regulations which will allow imple-But it was Ralph Reed, one mentation of a civil service reform bill; a two-year extension of a tax on financial transactions; and the proposals for tax reform.

However, political analysts said it would be difficult to win swift approval of the tax reform, which is designed to simplify the tax system and require the co-operation of

Magalhäes boosted financial São Paulo stock exchange 3 per cent up by early yester-day afternoon.

Although trading has been an imminent devaluation have receded and share prices are 38 per cent higher since the close last Thurs-

Investors encouraged by the news that foreign exchange outflows slowed to \$207m on Thursday, aided by an entry of privatisation revenues. The total outflow since the start

Announcement is sign of growing push for public spending cuts

ing reserves around \$49bn. that if reserves fell to \$40bn duce new capital controls especially on Brazilian inves

of the month is \$14.8bn, leav

tors withdrawing money from the country. However, the central bank has fiercely resisted so far capital controls to prevent funds seeping out of the

"I don't think there will be heavy capital controls under the current economic leader ship," said Philipp Hilde-brand, strategist at Moore Europe Research Services during a visit to the Brazil-

ian capital. Economists believe that an IMF-led package of financing should it request one.

However, the conditions of the loans are still unclear. While the government has committed to producing a hudget surplus, before interest payments, of 0.9 per cent improve industrial effi- of gross domestic product ciency, because it would next year, officials fear the

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uestion marks remain over banks

The compromise reached yesterday between Japan's ruling Liberal Democratic the decision to nationalise party and the opposition may have brought the crisis of the Long Term Credit Bank (LTCB) of Japan to a close, but it goes only part of the way to solving the rest of the problems afflicting the Japanese banking system.

The decision to nationalise and then liquidate LTCB, forced on the prime minister. Keizo Obuchi, by the opposition, neatly solves some difficult problems. Although the bank's even- at Y2.830. But at Y19 a share tual failure was inevitable at Y19 (14 US cents) a share it was priced for bankruptcy

there were significant fears that an uncontrolled bankruptcy could lead to a collapse of the Japanese financial system.

In particular, many bankers were concerned that counterparties which had lent to the LTCB could lose tomo Trust, while the govtheir loans, or be left with

the bank's extensive derivatives contracts. In the event, the group solved its liquidity problems at a stroke, because LTCB's debts have in effect become sovereign.

Questions remain, however, about how the group will be wound up. It is unclear how much shareholders, such as Daiichi Mutual Life Insurance, Nippon Life and Asahi Mutual Life Insurance, would receive. The company's shares peaked 11 years ago yesterday, the group's market capitalisation was just Y45bn (\$340m).

Also in doubt is the future of LTCB's joint ventures with UBS of Switzerland, and the proposed merger of LTCB with Sumitomo Trust. One option is that once the bank is nationalised its good loans will be sold to Sumiernment uses public funds to

could eventually be liqui- off. The industry is underdated. An alternative is that it could be used as a bridge pacity. bank, merging with other troubled financial institu-

Whatever happens, LTCB will no longer exist in its present form. The bank will be little lamented. Hugely inefficient, it had outlived its original purpose - to supply long-term credit to critical industries. It had become an anachronism, made redundant by the growth of Japan's corporate bond marcredit more cheaply.

But although yesterday's deal means LTCB is now neatly trussed for a speedy demise, a huge question mark remains over the rest of the banking industry.

The pressures on the sector have not abated. The economy remains mired in the worst recession in 50 years. Bankruptcies are at record levels, and bad debts

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capitalised and has over-ca-

The biggest danger is that blood with Hokkaido Takushoku and now LTCB, will banks. Yesterday, Yasuda Trust, part of the troubled Fuyo business group, fell 2 per cent to Y82. Daiwa Bank, whose shares rose Y4 to Y157, remains near its low for the year of Y147.

Critical to the stabilisation of the banking system will ket, which could provide be the creation of the Financial Revival Committee (FRC). This is the brain-child of opposition parties, and is designed to be an independent body holding powers previously wielded by the ministry of finance.

"The new committee is the key," says James McGinnis, financial analyst at Dresdner Kleinwort Benson in Tokvo. "First it must be created

below-value collateral. They cover the cost of poorly per-also expressed anxiety about forming assets. After that it the banks can write them good bank and what is a bad bank, and finally it must then have the authority to act on that definition, powerful enough to see off the the markets, having tasted entrenched interest groups anxious to save particular institutions. It must be move on to other ailing judge, jury and executioner, ready to put the bullet into

the head of the bad banks." Once the bad banks have been dealt with, public money will be used to recapitalise the healthy financial institutions. This would then allow them to begin expanding their balance sheets. ending the credit crunch and theoretically boosting the economy - as long as comnanies have not been so traumatised by the recession that they no longer want to borrow.

which the FRC will be created remains uncertain. The opposition hopes to have it in place by April. The LDP. which wants to keep shaky banks going because they



Indonesia

gold

mines

looted

By Sander Thomas in Balikpapan

Impoverished, tempted by

windfall profits and embold-

ened by the breakdown of

government authority, thou-

sands of Indonesians are

carting off gold and coal

from sites operated by for-

Broken Hill Proprietary

(BHP), Rio Tinto and other

big investors say a trickle of

illegal miners has swelled in

recent weeks, causing the

loss of thousands of tons of

coal and substantial

Worst hit is the state-

owned Bukit Asam coal

mine in Sumatra, where

1,000 miners remove 2,000

tons of coal every day;

Adaro, owned in part by

New Hope of Australia, says

trucks carry off 200 tons a

day to the harbour at Ban-Coal, gold and other dol-

lar-denominated commodities have shot up in value for Indonesians as the rupiah crashed. With unem-

ployment and inflation skyrocketing, more and more people are driven to breaking the law to survive, but the traders who buy from

them and export are wealthy

husinessmen such as Bam-

bang Trihatmodjo, a son of

Coal sells for \$17.50 a ton

in the city of Banjarmasin,

on the island of Borneo,

compared with \$21 and

higher offered by licensed

mining companies such as Adaro and BHP, which have

already seen world coal prices drop because of over-

production. In Sumatra. pil-

fered coal is sold locally for

only \$5.40 to a cement plant.

ward pressure," said Step-

hen Hadwen, manager for

environment, land and engi-

neering for BHP, "If the gov-

ernment cannot uphold the

contract for the lease, then

"It just adds to the down-

former president Suharto.

amounts of gold each day.

eign mining companies.

1962 LTCB set up to provide long-term finance to Jepan's Redging industrial groups, including Toyota and Honda Apr 20 1987 LTCB shares at all time high of \$2,820

Jans 5 1996 LTCB shares fall 10 per cent to ¥178 after reports it would soon suffer Jun 22 1998 Ryutaro Hashimolo, prime minister, called for "market trust" in LTCS

Sop 16 1986 Standard & Poor's, US ratings agency, says had loans in ban system could be ¥151,370bn (\$1,122bn), double government's estimates Say 18 1998 Government announces LTCS to be nationalised. Desiration on Financial Revival Committee

Apr 1 1999 Date proposed by opposition for creation FRC

Jun 1998 Date of next regular resiston of parliament when opposition claims powers to decide future of banks will be transferred from Ministry of Finance to FRC

2003 Date: LOP originally proposed for creation of PRG

provide loans to big contrib- reforms - and the speed of utors to the party such as economic recovery - will

depend on the political wran-

Tehran mourners demand revenge against the Taliban



the Iranian capital yesterday demanding revenge for the murder of nine Iranians killed in Afghanistan last devastating affect on the month and voicing growing public demands for war. Seven of the dead were carried from Tehran Univer-

sity in coffins draped with the Iranian flag, after three of iran's religious leaders the creation of a commission condemned the killings to study allegations of forbefore a congregation of about 3.000 men gathered there for Friday prayers. Ambulances transported

the bodies to a cemetery. followed by a crowd of up to 30,000 men and women who yelled denunciations of Afghanistan's Taliban militia, whose fighters executed the Iranians after seiz-AP ing the northern Afghan

Pakistan said yesterday it would remain neutral if Iran went to war with the Taliban, which it has backed since its creation in 1994. "A conflict would have a

peace and stability of the entire region," Sartaj Aziz, Pakistani foreign minister, sald yesterday. During a sixhour visit to Tehran on Thursday, Mr Aziz proposed eign involvement in Afghanistan. The suggestion did nothing to meet Iran's immediate concern.

"According to Islam's rules, we should be ready at any time to defend our borders. And if Iran and Afghanistan become embroiled in conflict, there is the chance that other countries will become

ential conservative Ayatollah Ahmed Janati said in Tehran before yesterday's

funeral procession. He went on to denounce US President Bill Clinton as a "sexual sadist who pretended to lead the world". and criticised Iran's liberal media, in what were marked signs of a resurgent conservatism that has found a strong voice against the background of the growing crisis with Afghanistan.

Press freedom and the hope for dialogue with the US has been central to the strategy of Mohammed Khatami, the reformist president elected last year. Ayatollah Janati's comments came two days after the banning of a newspaper on the orders of Ayatollah Ali Khamenei. Iran's supreme leader.

Public anger directed Bamiyan last week.

involved in a war," the influ- against Afghanistan could now propel Iran's conservatives firmly into the limelight at a crucial time, when Mr Khatami will be in New York attempting to present a new moderate face of Iran in an address to the United

Nations General Assembly. Both conservatives and moderates have so far been cautious in public statements regarding calls for Iran to go to war to avenge the deaths. The moderates hope the UN will be able to extract commitments and an apology from the Taliban which will prevent the crisis escalating into war.

But Iran is also demanding protection for Afghanistan's Hazara Shia Moslem minor ity from Sunni Taliban attacks. Iran claims the Taliban killed hundreds of Shias when it seized the town of

the whole question is: how secure is sinking large funds into mining?" Companies are complaining that neither the demoral-

premie

ised military nor local officials, facing a wave of public protests ever since Mr Subarto resigned in May, are willing to stop the miners, "They don't want to upset the apple cart," Mr Hadwen said. "And as they cannot feed the people they're quite Mustering such support happy for the community to help themselves."

Few illegal miners feel they are doing wrong. "To them, it's quite legal," said Werhan Asmin, administration assistant for Adaro. They have been mining gold for centuries. Most of the goldfields in Indonesia were discovered by the locals before they were given

ists, ageing politicians and AFDL dissidents who make up the RCD leadership to concession holders." undoubtedly talk political They emphasise the importance of collective leadership, rail against Mr Kabila's tribalistic appointments and promise not to repeat the personalisation of power which has Mr Kabila - much like Mobutu - doling out

wads of cash from his desk drawer. But when articulated by men who only arrived in Goma when the Banyamulenge mutiny was well under way, such ideas do little to counter the impression of a revolution dictated by Ugandan and Rwandan security concerns rather than politi-

The collection of academ-

cal principle. Rwandan and Ugandan officers direct battlefront operations, Russian transport planes used to ferry rebel troops are parked at Kigali airport, and Kigali picks up the bills of former Zairean VIPs flocking to Goma in search of position. Above all, the CDR's credibility is undermined by its

willingness to embrace any political player, as long as they oppose to Kabila. If the party denies reports of contacts with Mobutu's former generals, it does little to discourage the discredited ministers. scandal-tainted

human rights campaigners

and shady consultants beat-

ing a path to its door. These are marriages of convenience, useful alliances which won't last because those concerned loathe each other," says a diplomat, "It's not a recipe for a great government. But there's no indication it'll be worse than Kabila's."

> And there lies the rub. In 1996, Rwanda pushed a hurriedly-assembled group of guerrilla fighters and exiled intellectuals to power in Congo. Their failure to deliver has not stopped Kigali, it seems, repeating

PUT CONTROL OF THE CO 10.63 10.63 10.63 10.63 10.63 10.63 10.63 10.63 10.63 10.63 10.63 11.66 14.00 14.00 16.00

All Akbar Nataq Nouri, centre, chairman of Iran's parliament, joined the funeral procession in Tehran terdev for Iranian diplomats killed by the Taliban

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Congo's lonesome rebels

Lack of popular following is undermining their chances of overthrowing President Kabila, reports Michela Wrong

he fact that the crowd started booing during staged by the Congolese Democratic Coalition (RCD) strikes Professor Wamba dia Wamba as natural.

"It's understandable if people don't feel the latest rebellion involves them. says the grey-haired history professor, chairman of the rebel movement controlling Congo's east from the former tourist resort of Goma.

"Fighting Mobutu was easy - everyone wanted a change. But people have not yet realised the danger Kabila represented. It's too early to say what kind of social base our movement

Welcome to revolution. if rebel groups elsewhere

are the expressions of years of grassroots discontent, here they spring fully-formed into life and only then seek out a popular base.

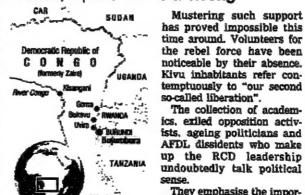
The top-down quality of the RCD is not the only reason why this organisation committed to President Laurent Kabila's overthrow seems almost entirely cut off from the people it claims to

Sipping tea in the chandeliered salons of the late Mobutu Sese Seko's lakeside villa, chatting over satellite telephones, the members of RCD's executive committee are regarded by local residents as the civilian facade of what is essentially a military operation.

Its careful multi-ethnic composition fails to mask the real power behind the movement: Congo's Tutsi ethnic minority and its allies in Rwanda. "The Congolese are put in

front but behind it is all Tutsis and Rwandans," whispers a local shopkeeper. "The public won't fall for it. What the Tutsis forget is that you can't make a revolution without the people." That assessment high-

lems confronting the RCD. If Angola and Zimbabwe's military intervention in western Congo has torpedoed its stated ambition of taking over the entire country, the movement's sheer rootlessness jeopardises the trolled state running the



President Kabile's forces are trying to cut off rebeis who control Msangani, Goma and Bukawu. The rebels, whose bid to seize Kinshasa. failed when Angola and Zimbabwa intervened on Mr Kabile's side, say their target is Mr Kabila's stronghold of Lubumbashi, a

length of the border with Rwanda, Uganda and Burundi.

copper mining centre.

This week's six-hour gunbattle, in which 300 people died in an attack on Goma by a combination of Congolese militiamen and Rwandan extremists, shows the level of local hostility waiting to be exploited by Mr Kabila. However popular with its neighbours, the viability of any potential buffer zone is threatened by simmering anti-Tutsi sentiment among the Nande, Hunde, Bashi and Bembe ethnic groups of the east.

"The war may have fatally damaged Mr Kabila's claim to speak for the whole of Congolese people, but the rebels are in an even weaker position," says a diplomat. "Even in the area they control, there are plenty of communities that would rejoice at their downfall."

It was not always thus. When the Alliance of Democratic Forces for the Liberation of Congo was formed in late 1996, at its core lay the uprising by Tutsis from Kivu's Mulenge hills determined to prevent the ethnic

But the Banyamulenge element was swiftly dwarfed by mounting enthusiasm for the drive to topple Mobutu Sese Seko. Unemployed youths signed up in their hundreds, rallies drew palmwas hailed as a saviour.

lights one of the main probcleansing of their region. alternative: a rebel-con- waving crowds, Mr Kabila

lemand e Taliban

me rebeis

建筑 Sterie Ster will

44 Apr. Appellance in the

looted

Bertie Ahern, prime minister to meet David Trimble, Northern Ireland's first minister, next week in an effort to break the deadlock over creation of the region's new The meeting comes amid

of the Republic of Ireland, is Mr Trimble's party is the in the republic next week to largest pro-British party in launch a Northern Ireland Northern Ireland; Sinn Fein Tourist Board initiative, and is the IRA's political wing. is just a courtesy call. "What we have to do is to

Trimble's insistence that his issues are moved on," Mr powers are assumed next either through existing without a full executive hav-Ulster Unionist party will Ahern said. His decision to February. Nationalists mechanisms or new "imple- ing been set up. Sinn Fein

not sit in government with meet Mr Trimble underlines believe the unionists are mentation bodies on a cross and the moderate nationalist Sinn Féin until the Irish the seriousness of the using delaying tactics. Republican Army starts to impasse although UUP offidecommission its weapons. cials say Mr Trimble will be

Irish premier seeks to end arms deadlock

keep the momentum on the first sitting of the assemimplementing the agree- bly, there is no agreement ment. As we head into the on the number and designaintense behind-the-scenes winter, we have to make tions of the ministries to run diplomacy to overcome Mr sure that all the central Northern Ireland when full co-operation will take place

The focus has now

switched to the setting up of gural council meeting could the cross-border bodies. The April peace agreement says that by October 31 "representatives of the Northern Almost three months after Ireland transitional administration" and the Irish government in a North-South council will "identify and agree" six areas where

Mr Trimble says the inau-

take place as early as the end of September. His party has seized on the imprecise language to suggest that Mr Trimble and Seamus Mallon, the nationalist deputy first minister - as "representament - could chair the inaugural meeting of the council

Labour party are implacably opposed to this.

The developing dispute represents the first big test of the cohabitation between the two traditions and the two governments. The first life sentence

prisoners to be freed under republican "loyalist" - were released yesterday from the Maze prison outside Belfast.

'Threat to

from farm

downturn

By Maggie Urry In London

environmental groups.

The British countryside is

under threat from the col-

lapse in farm incomes.

according to the National

Farmers' Union and leading

Numbers of rare flowers

hirds and butterflies could

be lost without the habitats

provided by lowland cattle

and sheep farmers, the

Ben Gill, president of the

NFU, said: "The countryside

does not happen by chance."

He said the "rich mix" of wildlife and plants was

achieved only through active

management of land. There

was a common misunder-

standing that hedges and

trees "were there by chance

and could look after them-

The groups' particular concern was that grassland

used by lowland cattle and

sbeep farmers was being lost

because farmers who were

losing money were selling

up, while those remaining in

business could not afford to

maintain bedges, or might

switch to arable production.

John Cousins, agricultural

director of the Wildlife

Trusts, said, "Much of our

selves".

groups warned yesterday.

wildlife'

NEWS DIGEST

EUROPEAN SOCCER SUPER LEAGUE

Italian company hits back over 'low revenue' claim

Media Partners, the Italian sports marketing company behind planns for a breakaway European soccer super league, launched a fierce attack vesterday on a media consultancy's report for the Premier League which forecast much lower revenues from the proposed competition. The report, from Oliver & Ohlbaum, had forecast that the super eague would generate revenues from television and sponsorship of only £650m (\$1.1bn) a year, well below the £1,2bn a year predicted by Media Partners.

The Milan-based enterprise responded to the report by pointing out that it was commissioned by the Premier League, which has been hostile to the super league plan. Media Partners said the Oliver & Ohlbaum study was maccurate because the consultancy did not have access to the full information on the planned competitions or the data that underpinned its revenue forecasts.

Media Partners also said the report failed to mention that the planned league was already underwritten by bank financing. The company said: "A fundamental principle of the EFL is that it will offer clubs guaranteed minimum payments of up to \$3,23bn over the first three years. This pledge is supported by the leading American bank JP Morgan." Patrick Harverson, London

CONSERVATIVE PARTY

Ballot over euro 'pointless'

The civil war in the opposition Conservative party over the European Union intensified yesterday when Michael Heseltine described as "pointless" the ballot of party members on British adoption of the euro. Mr Heseltin was deputy prime minister in the last Conservative govern ment. He said he was sure activists would support William Hague, the party leader, over his stonce that Britain should play no part in the single currency during the next partia-

But he said such a victory was irrelevant, because the Conservatives had to win back about 4m voters who switched to the Labour party and the Liberal Democrats at the last national election in 1997; both parties are positive towards the euro. Michael Ancram, deputy party chairman, retorted that Mr Heseltine's comments were "an insult to our members". George Parker, London

LONDON AIRPORT PASSENGERS

Operator forecasts 44% rise

BAA, the airport operator, said yesterday it expected total passenger numbers at its three London auports to increase by 44 per cent over the next decade. At Heath-row airport, where BAA plans to build a fifth terminal, pas-senger numbers are expected to grow from 58.1m last year to 72m by 2008. The fifth terminal, which is strongly opposed by surrounding municipal authorities, is the subject of the UK's longest-ever planning inquiry which began

Numbers at London Gatwick are expected to rise from 27.3m to 40m. BAA says the smaller London Stansted will handle 19.3m passengers in 2008 compared with 5.5m last year. Michael Skapinker, London

Government call backed

ernment's call for ethical and social investing and intends to actively encourage companies to improve their environmental performance. Geof Pearson, pensions manager at J. Sainsbury, which has a £2.4bn (\$4bn) fund, said this week that John Denham, the pensions minister, was right to ask trustees to disclose their policy on ethical and

sion funds as the few ethically based funds have tended to underperform their benchmarks. Pension fund trustees have a fiduciary duty to provide the best returns possible for pension scheme members.

POPULATION TRENDS MOST COUPLES NOW WED IN NON-CHURCH CEREMONIES, SAY GOVERNMENT DATA Marriage becomes a civil affair in 1990s

By Deborah Hargreaves

When "Scary Spice," a member of the Spice Girls pop group, was married in a rural English church last weekend, she joined a minority group in Britain by opting for a traditional wedding. Fewer than half of all marrying couples in the UK wed in church with the rest choosing civil ceremonies, according to the Office for National Statistics in its recently published quarterly population trends survey.

Civil ceremonies have grown in popularity since the government passed the Marriage Act in 1994 which tions such as historic houses and hotels for marriage ceremonies. Until then, couples had to opt for a civil ceremony in a register office usually in drab municipal premises - or a religious

The ONS report shows that civil marriages overtook Britain.

Marriage remains a popular option in the UK even not live together before though the divorce statistics

which took over responsibil-

Stock Exchange, is now to

take over the settlement of

gilt-edged government bonds

and money market instru-

ments from the Bank of

England, the UK central

The Bank has agreed to

hand the Central Gilts Office

and the Central Money Mar-

kets Office over to CrestCo

in the second quarter of next

transfer to Crestco's comput-

per cent of British women between the ages of 25 and 29 are married compared with 12 per cent who live with a partner, according to figures compiled by Kathleen Kiernan, reader in social policy and demogra-

Britain ranks in the middle of the range of European countries for the proportion of women who choose to live with their partners without being married. Denmark leads the group with 35 per cent of women between 25 and 29 cohabiting and Greece is bottom - with only licensed a wide array of loca- 0.7 per cent of women in this at the age of 27 or later. age range living with partners.

tion in northern European countries can add to more divorces. According to Julia Cole at Relate, the UK marriage guidance organisation, couples who live together before marriage are 50 per religious services in 1994 and cent more likely to divorce now account for nearly 60 after 5 years. After 8 years of per cent of all weddings in marriage, they are 60 per cent more likely to split up than those couples who did

the UK's high divorce rate is leave school earlier than in many European countries where they start their formal families later".

The age at which couples are married is a crucial facpby at the London School of tor in determining whether or not they get divorced the younger the couple, the more likely the marriage is to fail, according to research by the Centre for the Analysis of Social Exclusion. Those in the UK who formed relationships in their teens are more than four times more likely to split up than those who met their partner The current rate of divorce

in the UK is one of the high-

The high rate of cohabitaest in the world at 41 per cent, compared with about 55 per cent in the US and an average of 33 per cent in the rest of the European Union. Northern European countries such as the Scandinavian nations and France have high rates of marriage breakdown similar to those in the UK. But the European average is skewed by very low rates of divorce in some southern European coun-

Share settlement body to handle gilts

foundation in 1694 and will?

young people are not only a support for marriages avoiding parenthood, they which are experiencing probare avoiding partnerships as lems and are a constraining

well," said Ms Kiernan. This is partly because people live welfare system is based more around the family. At the same time, religion plays a big role in some of

these countries which have only recently - in the past 20 years - passed legislation is a "structural change in making divorce easier. The "In southern Europe, extended family also acts as than the ... Reformation".

influence against divorce. Marriage remains popular at home for longer and the throughout Europe, but the changing role of women is

equity and government bond

will become a more attrac-

tive partner if it can offer

the same range of services.

settlement attracted wide-

spread support from invest-

ment banks and securities

traders in a survey con-

ducted by the Bank earlier

this year. Nevertheless, the

Bank wanted to delay any

decision until it was sure

the technical problems that

dogged its early days of oper-

Merging gilts and equities

putting more of a strain on relationships everywhere. According to the recent observation of one social commentator, family failure society no less fundamental

wildlife is there because of farming."

If farmers abandoned land. he said, it would revert to scrub and bracken, and then to poor quality trees, allow-The CGO system was A number of European ing little access for wildlife. Central bank appoints chief cashier upgraded last year and now markets, including Frank-"Abandonment is not a

Mr Gill said that more settlement together under the same roof, so CrestCo than half the farmers in the UK would make a loss this year and the proportion was higher among the lowland livestock farmers who were suffering from sharp declines in meat prices.

Last year these farmers' incomes fell 65 per cent to an average of £7,400 (\$12,200). John Yeoman, a farmer from south-west England whose family has farmed in the same area since 1326,said he had given notice to his landlord and would leave bis

expired next March.

ETHICAL FUNDS

A leading pension fund manager has supported the gov-

The minister's call in July provoked derision among pen-

But Mr Pearson said vesterday: "The tide is turning and there is a growing amount of evidence that shows that good environmental performance does improve profitability." Jane Martinson, London

Scorn greets union vote on finance scheme

CrestCo, the organisation The signature on English: 1.

Trade unions which voted last week to campaign against the government's Private Finance Initiative were yesterday dismissed by Geoffrey Robinson, the paymaster general [a junior Treasury minister], as "just not on this planet". The PFI is intended to attract private finance to public projects. He said the PFI "is here to

stay" and the new accounting rules the government has accepted were unlikely to make any great change to the way PFI projects were treated in the national accounts.

Mr Robinson said: "Those in the trade union movement who believe we can renew our infrastructure without using private finance are just not on this planet. They simply don't get it." Quoting back to them the words of John Monks, general secretary of the Trades Union Congress, he said scrapping PFI would leave "an £11bn (\$18bn) bole in the public finances".

But while warning that sectional interests would not delivery of better value services, he sweetened the pill by offering the unions a bigger say in PFI contracts, with staff terms and conditions taken more into account: "Poorly motivated staff at all levels are ians and other selfish paraunlikely to deliver the type sites".

of high quality services required."

The Treasury taskforce was "actively working on how trade unions and their members can be consulted at various stages of the procurement process" and was considering the scope for discussions between unions and contractors and how the results could influence contract awards. "The government is committed to ensuring public sector staff are consulted and dealt with fairly," he said.

The PFI would produce "building on a scale not seen since Victorian times", he told a conference at the London School of Economics. Power projects worth £4bn had been signed since the Labour party came to power. By the end of this year, PFI was expected to account for about 14 per cent of capital investment. Mr Robinson said last week's ruling by the Accounting Standards Board on how PFI projects should be accounted for had seen "a significant convergence of view" between it and the Treasury.

· Neil Kinnock, the memper of the European Combe allowed to obstruct the mission who used to be leader of the UK Labour party. yesterday attacked leftwing candidates for the party's national executive committee. Mr Kinnock urged party members not to vote for Trotskyites, sectarwill be taking over from Graham Kentfield, who is

1,506

1,700

1,000

720

banknotes is set to change be the first woman to do so. ity for the settlement of UK next year when Merlyn Ms Lowther, who is currently equities from the London Lowther takes over as chief director of personnel, was cashler of the Bank of deputy chief cashier from England, the UK central 1991 to 1996. in January next year, she bank, George Graham

She will be the 29th person to hold the post retiring after 35 years with since the institution's

800

and gilts settlement will conbanks to simplify their settinue to be handled by Bank tlement processes and possibly reduce staffing. In the staff on Bank premises for year, but the CMO will not another year. Jain Saville, long run. CrestCo itself could realise "worthwhile CrestCo chief executive, said ers until the third quarter the merger would allow

the different systems together until 2000, with the "millennium bomb" difficulties that surround it. most important advantage of hand as it seeks to build links with other European

*Crest, so the marriage is

expected to go smoothly on

the technology side. Never-

theless, CrestCo will be

unable to do much to bring

But Mr Saville said the the merger could come in strengthening CrestCo's settlement systems, similar that CrestCo had overcome to the arrangement it recently announced with Switzerland's Sega system.

. Birrelogham

Scottish border

Tynealds

More jobs lost amid conflicting national statistics

More job losses were announced in manufacturing industries yesterday while new ones surfaced in services and high technology. British Steel announced the closure of its Templeborough rolling mill in northern England with the loss of 112 jobs while chemicals company DuPont is to shed 70

south-west England British Steel said of the Templeborough closure: changes in working prac-

workers in Brockworth,

EMPLOYMENT STEEL, CHEMICALS AND DEFENCE INDUSTRIES LOSE AS SERVICES AND HIGH TECHNOLOGY SECTORS RECEIVE BOOST

The introduction of radical tices and significant cost

significant alterations where

reductions have failed to yesterday included 400 jobs caused by ... an over-strong pound and the ... Asian eco-

nomic crisis." More than 200 of the 8,800 mer Royal Navy dockyard at Rosyth, Scotland, are to lose their jobs. Babcock Rosyth Defence, owner of the yard, "comprehensive restructuring exercise".

This follows Thursday's announcement by Vickers of 650 jobs losses in northern England, including closure of a military tank factory. The expansion announced

stem continuing losses over three years in digital military communications at

It is not easy to discern workers at the privatised for- the trend behind the conflicting announcements. The Office for National Statistics said this week the numbers claiming unemployment bensaid the move followed a efit fell to an 18-year low of 4.6 per cent of the workforce in August. Total employment grew by more than 250,000 in the year to June. Manufacturing lost 33.000 jobs in the three months to June, while distribution,

hotels and restaurants lost

24,000, and agriculture and fisheries 2,000. Banking, insurance and finance grew gains in transport and com munications, construction. and public administration.

those making commodity products vulnerable to the strong pound, for example than 4,000 jobs this year. Even amid redundancies there are skill shortages, not ogy. The hotel and catering industry is short of 30,000

staff and 12,000 managers.

similar to companies even

though they are private busi-

Professional liability. The

accountancy profession has

ment for years to change the

law of joint and several lia

Hardest-hit industries are

Profession delighted to learn it is free to look after itself

Accountants were prepared for the end of self-regulation, and will accept government proposals with relief, says Jim Kelly

industry, this week been dogged by criticism made a spectacular debut as that their disciplinary the minister ultimately systems amounted to "chaps responsible for accountants regulating chaps". with three announcements lives of more than 250,000 confidence.

Before entering govern- ernment and the profession ment last year, the Labour have largely fallen to the party had pledged in its elec-tion manifesto to provide a McCartney, another trade better, independent regula- and industry minister, and tory structure for the profession and to address concerns that auditors faced unfair the latest proposals. risks in the courts because

necessary to protect the public interest. Deter Mandelson, chief tion. Accountancy and sevminister for trade and eral other professions have

Several large audit failures that will change the working also undermined public

his tough approach and scepticism are clearly evident in

Negotiations between gov-

likely to welcome the moves with relief: "We feel fantastic. McCartney had to keep an eye on his leftwingers so he didn't look a pushover,"

> The proposals fall into three related categories: Professional regulation. The profession had put forward its blueprint under the leadership of Chris Swinson, president of the Institute of Chartered Accountants in England and Wales. Essentially his broad plan for

that is independent of the Authority. foundation and effectively ships. The government has Overall, the profession is oversees the existing self- moved quickly to make LLPs regulatory structure.

umbrella body will cover investigation and prosecusaid one leading accountant. tion of wrongdoers, and the setting of auditing stan- England and France, the Isle ethical standards. Further- and Ireland - or even the more 60 per cent of membership of the bodies that regulate these services will come from outside the profession.

The government has also gone out of its way to make sure it is explicitly agreed he latest proposals. "arm's length" self- that a fundamental review The profession hoped the regulation has been will take place after five

the outcome looks less rosy. Board - similar to the US could be passed over to the the privilege. They will have with the government making Public Oversight Board - new Financial Services to make financial disclosures profession. It is owned by a . Limited liability partner-

> available to firms because of But the government has the fear that the bigger partinsisted that, while this nerships might move offshore to use LLP legislation in Jersey, the largest of the Channel Islands between dards, it will also embrace of Man - between England US. In effect they protect the personal assets of partners from actions for negligence. They do not protect the

assets of the firm or the negligent partner. switch to LLP status - and

tors can be made to pay all not. The government dis misses their arguments. But it says accountants

should become involved in the current long-term review of company law. The govern-But those firms that ment is understood to believe that risk could be most of the Big Five accoun- shared more when compa-

of the current liability laws three announcements would accepted. At the heart of the years - a move that carries tancy firms are likely to take nies fail, for example with that left them open to litiga- all bring good news. In fact, new framework is a Review the threat that regulation it up - will have to pay for investors and directors.

f the world's leading stock

markets are to be believed,

economies of the west.

would hit third-quarter sales. The

its revenues in the North Amer-

US groups dragged down in Gil-

lette's wake included Revion.

Newcastle and Whitbread and

the small Slug & Lettuce chain.

This means the IIK brewing.

three months, underperforming

erry Rourke has had a frustrating week

watching window-

shoppers trail around

the Bull Ring centre in Birming-

ham that he manages. "The

people are there, but the carrier

You can see it in their eyes."

and gloom" economic news.

the market by 15 per cent.

products giant.

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Saturday September 19 1998

In charge (or maybe not)

to be feared. Hence the markets' relief when the developed world's policy establishment sent a clear signal early this week that it had woken up to the gravity of the present malaise

President Bill Clinton roundly declared that economic growth was now the chief priority. A supporting cast of finance ministers and central bankers from the Group of Seven industrialised countries followed suit. The balance of risk in the world economy, they said, had changed. Their message, albeit cautiously expressed, was that the possibility of deflation loomed larger in their concerns.

With the stage apparently set for a co-ordinated cut in interest rates, finance ministers in the emerging market economies took comfort, while investors in the developed world rejoiced. Yet this euphoria was quickly dispelled as people started to ask how the politicians might deliver on the promise.

The weakness of Mr Clinton's position was palpable throughout that the Fed chairman is a reasthe week as he struggled to ward off the slings and arrows of the Starr report. Keizo Obuchi, the enfeebled Japanese prime minister, is being constantly frustrated by a determined opposition in his attempts to manage his country's banking crisis. In Europe flexibility is severely constrained by the move to independent central banking and the fiscal straitjacket of the stability and growth

Scepticism was reinforced when Hans Tietmeyer, head of the Bundesbank, added German counterpoint to the global theme. Mr Tietmeyer may be about to cede control of Europe's most powerful central bank to a higher authority, but he still knows how to move the markets. And he left no doubt that Europe would not be party to any plan for coordinated interest rate cuts when the continental European economies were at last turning up.

Capital controls

Alan Greenspan, chairman of the Federal Reserve, likewise damped expectations. He was more anxious this week to attack the return of capital controls in Asia than to make ringing pronouncements about saving the world. is worrying. It means that inter- | closures and redundancies. Just to rub salt into the wounds of the politicians, the US House help in promoting further borof Representatives turned down, rowing and spending, especially predictably enough, Mr Clinton's when bankruptcles are running plea for \$18bn to replenish the at record levels. coffers of the International Monetary Fund. This puts severe constraints on IMF firefighting in the biggest financial crists since the emerging markets.

In an economic and financial the Latin American banking crisis, policy inertia is something débacle in the 1980s.

Michel Camdessus, the IMF's managing director, is not a man to be daunted by such rebuffs. In a remarkably upbeat interview in this paper on Thursday he declared that there was no global crisis of capitalism. But as Latin America wrestles with the currency speculators and Russia rediscovers the command economy, Mr Camdessus's forecasters have been revising down their estimate for global growth this year. Twelve months ago they had expected 4.25 per cent. By May this year the figure had shrunk to just over 3 per cent. Now the estimate is for only 2

Uncertain times

A noteworthy change in recent market behaviour is that investors who earlier ignored Mr Greenspan's warnings about "irrational exuberance" now hang on to his every word, however impenetrable, in these more uncertain times. Few would deny suring beacon in the storm. Yet even his ability to keep the US economy on a growth path in the medium term cannot be taken for

The world's two largest economies are now locked in a strangely symbiotic embrace. The US is the world's biggest debtor and spender, Japan is the biggest creditor and saver. From these diametrically opposed positions, the respective economies have nonetheless reached a state where the effectiveness of monetary policy is subject to severe constraints.

Japan is already close to a serious deflation, with the 10-year bond yield falling this week to a scarcely believable 0.7 per cent. No one expects the recent cut in Japanese overnight interest rates to 0.25 per cent to impart much stimulus to the economy, though it will provide modest relief to the troubled Japanese banking system. Monetisation - the modern version of the printing press by now looks imminent.

lapse in the savings rate to 0.6 per cent of disposable income in the second quarter, compared with its customary level in the 1990s of between 4 and 6 per cent est rate cuts may be of limited

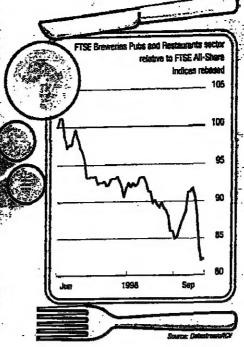
In the US, meantime, the col-

Capitalism is not in a global crisis. But there are difficult times ahead - and not just for

A shopping maul

Consumer companies are supposed to be resilient to recession. So why, asks John Willman, are they leading world stock markets down?





Bass knocked 20 per cent off the brewing and hotel group's shares in two days. It also dragged down True, they do appear to have other brewers such as Scottish & cut back on eating out and drinking more expensive drinks in UK pub operators like Greenalls and pubs during the summer months. Trading in Bass's 2,600 pubs was "diabolical" in July, according to pubs and restaurants sector has chairman Sir Ian Prosser, with fallen 25 per cent in the past

double-digit falls in beer and soft

drink volumes. Food sales in

pubs have also fallen sharply. Mark Puleikis, drinks analyst True, too, there were extenuating reasons: England and Scotat Merrill Lynch in London, finds land's early departure from the the scale of the falls hard to soccer World Cup spoilt promounderstand, "Expenditure on these low-ticket items doesn't tions in pubs with big TV screens and hit take-home sales for couch change that much through the cycle," he says. "People don't potatoes. And the unusually wet stop drinking or shaving in a summer - even by British stan-

drove them south in search of

But these seasonal factors are only part of the explanation: Bass and the other large brewers say people appear to be spending less because of the weather or the world cup but largely because of fears of a downturn in the economy. Sales are worst hit in industrial regions where manufacturing has been affected by the strength of sterling.

In the US, there is no sign yet of any downturn in domestic demand, says Mark Cohen, anaoffice. The cause of angst there is

economies. "The turmoil in emerging markets means they are starting to question the volume growth leading multinational groups can count on in the near term," he says.

The companies which have

seen the sharpest falls in share price this week are those with significant exposure to these ailing regions. The cosmetics group Avon, for example, has 60 per cent of its sales in emerging markets and Colgate-Palmolive has

There has in practice been very lyst at Goldman Sachs New York little downturn in earnings, says Lynne Hyman, cosmetics and dards - kept topers at home or the economic crisis in emerging household products analyst at

Credit Suisse First Boston in New York, "It can be measured in pennies," she says. But companies like these saw their share prices soar on expectations of future contributions from emerging markets. Now, the prices of the companies she follows have fallen 30 per cent from their highs earlier in the year, compared with 14 per cent for the market as a whole.

Anxieties are also felt by European investors. Shares in Diageo. the world's biggest drinks maker. have fallen by one-third since April as fears have grown over the impact on its profits of the Asian economic crisis. The threat of Latin America being sucked into the economic turmoil has added to the pessimism over a group fèted a year ago for the breadth of its global distribution.

European multinational groups were also hit when P&G issued a profits warning last week partly attributed to disappointing results from Russia. Asia and Latin America. Unilever. the Anglo-Dutch consumer group which makes soaps and many staple foodstuffs, saw its shares fall 6 per cent the day after. There were similar falls for Henkel, the German detergent manufacturer, and Nestlé, the Swiss-based food group.

All the same, consumer groups' underlying resilience to recession remains, and most analysts believe the gloom is being overdone. "Drinks company profits may dip in a recession, but they don't implode in mature markets," says Merrill Lynch's Mark Puleikis. Ms Hyman says there is still plenty of scope for the US consumer groups to improve productivity and cut costs to offset declines in emerging markets. People may trade down or use a

Just looking, not buying

Richard Adams and Christopher Adams take the temperature of depressed retailers as consumers react to contrasting economic signals

bags aren't," Mr Rourke says. "I've got some 200 tenants on Pamela Webber, economist at board, and most of them are the British Retail Consortium. experiencing downward trends. says that announcements of job Are the Bull Ring's nonlosses in the West Midlands and north of England have fuelled shopping shoppers a sign that the UK's economic downturn is feelings of job insecurity, eroding under way? It is unlikely that consumer confidence. "People Birmingham's consumers are aren't buying higher-priced items spending less because of turmoil like furniture, carpets and electriin Asia or Russia's currency crical equipment. They're less keen sis. If consumer confidence has to take on interest-free credit."

fallen - as recent surveys say it Her interpretation appears to be borne out by several compahas - it is more likely to be nies. Spring Ram, the bathroom caused by the stream of "doom and kitchen supplier, was one of In recent weeks the gloom has multiplied, from companies warnslackening in demand. ing of lower profits to a string of "At first the slowdown was

blamed on the World Cup and the servatories have suffered negligi-One of Mr Rourke's tenants, weather. But what we're seeing is ble growth. Mick Hardawa, sells designer the effect of interest rate rises clothing. His three shops in the and mortgage rate increases," the Bull Ring, popular with fashion- company says. able clubbers, are struggling. He

It is reducing overheads. Staff down on last year. "The last and another 60 jobs will disapfew weeks have been partic- pear this month. "Exports to Gerularly slow. People are just many and France have suffered

walking around," he says, too, Interest rates should be low-

Yet at the same time, other news shows a more buoyant side to the economy. Unemployment continues to fall to levels last seen in 1980, and pay increases remain robust. And for every factory that closes it seems another

B&Q, part of the Kingfisher conglomerate, is reporting strong growth. Jon Dorsett, general manager of the group's store in Wallasey on Merseyside, says demand for plumbing, building several this week to warn of a and paint materials is up by 20-30 per cent. However, bigger-ticket items such as kitchens and con-

> Tony Blair this week encapsulated the country's manicdepressive attitude.

says sales are about 30 per cent numbers were cut by 30 in June Fujitsu's doomed £400m semiconductor plant in County Durham, which is to close with the loss of 550 jobs, he said it was Mr Weale said.

important not to exaggerate the overall position of the economy. Martin Weale, director of the

National Institute for Economic and Social Research, said he agreed with the prime minister's view. "People have been forecasting a slowdown in 1999 for quite a long time," he said. "The latest gloom is a consequence of using some very naive forecasts."

Part of the cause has been the result of placing "too much weight" on company surveys, Mr ing unduly gloomy," Ms Barker Weale said, and not enough on said. "We're not talking about a "hard data, carefully inter- rerun of 1992."

forecast is for economic growth unlikely to rise sharply, because of the continued effects of the While standing outside government's welfare-to-work setting their budgets." scheme. "We have tended to think they will offset the slowdown in the British economy,"

Kate Barker, the Confederation of British Industry's chief economist, thinks one reason for uncertainty is that the economy is at the end of a cycle of strong growth. "People are usually confused at turning points," she Part of that confusion may

have come from worries about the international economy, especially Asia, and its impact on the UK. But Mr Weale said only a dramatic downturn in the US or Germany would change things. "My feeling is that the international situation is not yet at a stage where it would have a marked impact on the UK." he

"Some people have been sound-

She said it was important to The National Institute's own strike the right tone, between "complacency and panic", in of 1.4 per cent next year. But Mr judging what will happen next Weale said unemployment was year. "People are right to worry about talking themselves into a recession - particularly at this Jobseekers Allowance, and the time of year, when companies are

Anticipating a recession could see companies cutting back making it a self-fulfilling

LETTERS TO THE EDITOR

Money at root of US mood on Clinton

From Mr Scott A. Clark. Sir. As an American residing in the UK. I have followed with great interest and, at times, embarrassment, the troubles President Clinton has been experiencing during the past few weeks. While, on the face of it, the debate surrounds sex, legal lies, grand juries and so forth, I think the real and intriguing story is far more straightforward.

It's about money.
In a capitalist society one thing above all drives and influences the mood of the nation - personal wealth. Americans want to protect, seemingly at any cost. the fragile state of prosperity that the country is now enjoying. cycle, would likely be viewed as Americans simply fear that, by

been this healthy for a long time. and nobody wants to mess with things. In fact, there's an appropriate little saying from the Deep other cheek. South where Bill Clinton comes from that goes: "Don't poke a stick at a skunk." Americans have put away their sticks for a while.

The simple truth is that Americans are willing, for a price or share options, to change their "moral goalposts" to suit the Scott A. Clark, times. What is written off as a managing director, "private matter" or "little white lies" during a positive economic outrageous and full frontal lies London EC1V OAT, UK

changing presidents, they may during bad times. So when risk a financial downturn. Individual bank balances haven't opinion polls, Clinton should be relieved to know that it is the economy, not his actions, that have made Americans turn the

Yes, in the final analysis, I think the interesting bit of the whole affair is less about sex than it is about money. But how do you go about impeaching the American public for lying to itself about the whole ordeal?

CPR Worldwide (London). Northburgh House, 10 Northburgh Street

From Dr Rupert B. Pearson.

Sir, I have to permit myself somewhat wry, perhaps cynical, smile at the initiative by Ritt Bjerregaard, EU environment commissioner, to encourage car buyers to switch to more environmentally friendly models ("EU plan for guide to car emissions"

photographs in the press, of EU commissioners sweeping away from meetings and press confer ences in large black Mercedes and, in the UK, of government ministers in large Rovers and Jaguars, does not exactly encourage one to take such exhortations very seriously. Unless of course there is one guideline for the elite and another for the masses.

Perhaps our commissioners, should lead by example and then I for one might reconsider chang ing to a more fuel-efficient car.

43 Stag Green Avenue, Hatfield, Herts AL9 5EB, UK

'Don't do as I do', it seems

September 5-6). The sight on television, and

and senior UK cabinet ministers,

Rupert B. Pearson,

Economics is rather different in the real world

From Mr Andrew Carroll. Sir. I am surprised you should "the characteristics... assumed have published a letter suggest by the classical theory happen ing that "an interest rate is not to be those of the economic merely the price of credit" (Mr society in which we live" (Gen- 3 Meadow Bank, Bert Ely, September 12-13). This is a naive assumption of the classical economic model.

eral Theory 1936).

In the real world the interest Altrincham, rate is far more than the price of Cheshire WA15 6QP. UK

As Keynes famously stated, credit and far more important. It cannot be left to the markets.

Timperley,

Andrew Carroll.

Cost of air traffic centre remains within government approved limit

From Mr William K. Semple. Sir, Your article "MPs to probe

rising costs" (September 17) was misleading. We have a firm grip on the costs of the new Swanwick centre. We are on budget no mean feat given the size of the project and the state-of-the-art computer systems it is develop-

The information provided by MPs on the transport select than the original fixed price for of excellent cost control.

lished these figures in its own

report released in April. Lockheed Martin, the prime prices the budget is £475m, the National Air Traffic Services to contractor, has been paid more Swanwick project is an example

committee has been consistent, the computer system only clear and full. The committee because of changes we asked for, was told last year by NATS that and as a result of taking up the total budget for Swanwick costed options in the contract. was £474.9m, split between capi- The cost remains within the gov- to be sound, well advanced and tal and revenue costs. The capital ernment-approved limit. As long element amounted to £350.7m. ago as September 1991, the cost of The select committee itself pub- the project, approved by the government, was put at £462m (in 1991 prices). Given that in today's

Nigel Horne, one of Britain's most respected computer experts. recently investigated progress at Swanwick and found the project technically under control.

William Semple, chief executive. National Air Traffic Services. CAA House, 45-59 Kingsway,

Number One Southwark Bridge, London SE1 9HL

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smiling, is on every "ready", the posters assure us, to lead Germany.

But on this damp morning in Nuremberg, Gerhard Schröder, the opposition Social Democratic there is no need for Mr Schrö- media." der's ubiquitous bodyguards to keep the curious away.

That Mr Schröder should be in ing. He has to gather his strength for two big rallies in the after-

edented fifth term of office. a jelly to the wall". Although opinion polls have long trust them.

the other side of Mr Schröder. pass but uses radar". The morning's introspection has passed and he cheerfully answers questions in the restaurant car of dark tint in his hair. Mr Schröder the Munich-bound express. The cannot recall when he first develmedia, which has played such an important role in turning the 54year-old prime minister of Lower the now-celebrated incident in Saxony into the bookmakers' the early 1980s, when as a young favourite, is succumbing once more to his charms. Only the mineral water bottle hints at the and ran to the steel fence surpressures of the final, punishing 'hot phase" of the campaign: Mr Schröder has forsworn wine until polling day is over.

It is easy to caricature this election. Mr Kohl does so when he says voters face a choice between a reform-minded government and a far-left "other republic". Mr Schröder and his SPD do so when they claim Mr Kohl's centre-right coalition stands for 'social coldness" and raw capital-Kohl's Christian Democratic married for a second time in 1947, Union are close enough for "a only for his step-father to be grand coalition" of the two to stricken by tuberculosis and for the post-poll government.

But the contest between Mr unlike any previously on offer. In politicians to be serious and weighed down with programmes and statistics, the thrice-divorced and often irreverent Mr Schröder is travelling light.

If elected, Mr Schröder "will be a completely new type of chancellor for Germany and Europe", predicts Roland Berger, the man-

Kohl's class enemy

Peter Norman on the forces that shaped Gerhard Schröder, the man who wants to lead Germany schmidt, the last SPD chancellor.

challenger to Chancellor Helmut tried unsuccessfully to recruit as Kohl, wants to be alone. His body his shadow economics minister. language is so explicit that none of the accompanying journalists media age. He would never have ventures to approach. For once got to the top without the

That is a familiar gripe among Mr Schröder's opponents, who complain that he is all show and a reflective mood is not surpris- no substance. During this year's Lower Saxony state election campaign, which Mr Schröder turned into a referendum for his nomi-There are, however, deeper nation as SPD candidate for reasons. Mr Kohl, with an energy chancellor, Mr Kohl complained that belies his 68 years, is fight- that pinning Mr Schröder down ing back in his bid for an unprec- on issues was like trying "to nail

The chancellor's frustration predicted that the SPD will be reflected a long career in which the strongest party after Ger- he has been guided by a limited many's September 27 federal elec-number of clearly defined politition, Mr Schröder knows not to cal views formed at an early age. Mr Schröder, in the words of Mr Three hours later and we see Berger, "doesn't steer by a com-

> Sitting on the train in a sober Hugo Boss suit and with a hint of oped the ambition to become chancellor. He says it was after the early 1980s, when as a young member of parliament in Bonn, he emerged from a local hostelry rounding the chancellery and shook it, shouting: "I want to get inside."

> But he is clear shout what drove him to be a politician and to seek power. "You have to look first at my background," he says, tracing his ambition, success and membership of the SPD to what he calls "a relatively difficult home situation".

His father was killed in Romania three days after he was ism. In truth, the SPD and Mr born on April 7 1944. His mother need the list of voter preferences mainly confined to a sanatorium

The balliff was a frequent visi-Schröder and Mr Kohl has pres- tor as the family struggled to ented Germans with a choice make ends meet. His mother worked as a cleaner to support a country where voters like their five children and Mr Schröder left school at 14 to work in a hardware store because there was insufficient money for books and travel to and from secondary

His subsequent rise could be the stuff of a self-help novel. He went to night school, passed the Abitur, the German school-leavagement consultant Mr Schröder ing certificate in 1966, and for the



Mr Schröder says his home background led him to join the Jusos behind its mother party. SPD in 1963 "because of all parties it offered the best scope for social advancement without having to show that one came

from a good family".

The other "formative element" was working as a defence lawyer in the 1970s. Being "on the other side of the barricade, against the state so to say" gave him "a heightened awareness of and reality fail to fit together

early 1970s he had qualified as a pragmatism — was apparent as believe you need have far less lawyer, specialising in civil liber—soon as he became leader of the fear of politicians who are ready ties, and in 1978 represented the Jusos, the youth wing of the SPD, to learn than of those who are terrorist Horst Mahler in a plea in early 1978. Elected largely by not." the far left, he surprised supporters by swinging the rebellious

> "I don't regard pragmatism as an insult," he said recently. "Everyone who wants to achieve political power must act pragmat-

ically." He also rejects charges of opportunism. "I want to stay someone who is capable of learning," he has said. "I don't believe

next five years studied law at the importance of democracy". that it is always the reality that Göttingen university, then a hot-bed of leftwing activism. By the Schröder's political career - his that needs correcting. I also and Lower Saxony's biggest

> Just how much Mr Schröder has learned in the past 20 years. between Mr Schröder and Mr Kohl from 1979, when the chancellor was still leader of the parliamentary opposition.

Mr Schröder, barely recognisable with hair down to his collar, appeared the stereotypical leftwinger. condemning Mr But even then, there were the multi-millionaire head of VW.

bert Wieczorek, a seplor SPD first met Mr Schröder 30 years ago. "He has always been pretty stic, rather contrarian, not Bonn for 16 years.

assert his independence. clear and above board. That sent to jeopardise the campaign.

straid of risks and determined to

in a career that has moved to the right. By 1994, when he had won a second tarm as prime minister of Lower Saxony, newspapers and magazines had begun to call him "the bosses' comrade".

This transformation was "a matter of practicality", Mr Schröder said recently. "In Germany. you can't do anything, least of all for the SPD voter, if you are not prepared to demonstrate a minimum of willingness to co-operate with business."

SPD supporters benefit when their employer is doing well. "If the employer does badly, they get nothing. In fact, they get into difficulties first, with unemployment." Co-operation with business "only works when you understand how business acts

and thinks", he adds. . . Mr Schröder's closest business ties have come through his membership of the supervisory board employer, and his involvement with the Hanover trade fairs. His VW role he says, has taught him how globally active companies

work. - Mr Schröder's ties to business was made clear with the recent. have caused tensions with parts of the SPD. During the party's annual congress in 1995, Andrea Nahles, the leftwing leader of today's Jusos, screamed at him: "If you like cars so much, why not set up a car party." The appearance shortly afterwards of Mr Schröder and his third wife Hiltrud at the Vienna opera ball Kohl's CDU as the "class enemy". in the box of Ferdinand Piech,

doubts of party leftwingers.

But Mr Schröder's combination of qualities enables him to appeal - to a wider range of voters than any SPD candidate since Helmut lost power in 1982. There are traits familiar today, notably the some who theorise that his three way he jauntily needled Mr Kohl. divorces are an asset in an age "Gerd's character has always when television soap operas been fairly consistent," says Nor- increasingly set standards of behaviour. And for the moment, member of the Bendestag, who at least, the party is squarely behind the man who offers it its most realistic chance of power in

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The SPD's unity-has been one of this year's most unexpected "He focuses on one thing at a developments. It reflects the time and if there is a new prob- determination of Mr Schröder lem shifts very quickly to deal and Oskar Lafontaine, the party with that. He likes to have things leader, to allow no internal dis-

Outside Munich's town hall, Mr explains his four marriages. He Outside Munich's town hall, Mr won't have unorthodox relation. Schröder dips into his past to ships. He wouldn't have a mis-rally 12,000 party faithful to his cause. Insisting that "the right to According to Mr Wisczorek, Mr. higher education should not Schröder "has never been a depend on the size of mummy's classic socialist". His taming of or daddy's purse", he accuses Mr the Jusos in the late 1970s was Kohl's government of allowing the first of many political shifts the numbers of working class children at German universities to drop.

He defends SPD plans to restore curtailed entitlements to the state pension system, arguing that the cuts were socially unjust and hurt war widows and others scraping by on DM900 (£317) a month. "My mother is affected by forgotten that there are elderly women like my mother who don't have sons who can help.

He uses the crises in Russia and South East Asia to argue that a generous welfare state is good economic policy. Russia's grotesque gulf between rich and poor is what landed it in trouble. Germany's future, he argues, is that of a stakeholder society, based on a fair distribution of

It is a tightrope-walker's message, with a bit of Blair and a whiff of Jospin. Although Mr Schröder denies any policy shift. his arguments highlight the problems facing a reformer who is the standard bearer of a largely unreformed party.

Mr Berger, the management consultant, believes that Mr Schröder, if elected chancellor, would not spring surprises. "He is pragmatic and not ideological. which means he would not do stupid things. He would also be predictable because he would do everything necessary to stay in

But the German elector can be forgiven some confusion as polling day approaches. The choice, it seems, lies between the outworn and the unclear.

evastated." "Stunned." "I'm packing my bags. The initial reaction of western officials and aid workers to the projected outcome of as an independent state have last weekend's elections in been blown to pieces.

soul-searching and the much feared question, what now? Final results are to be announced next week by the Organisation for Security

and Co-operation in Europe (OSCE). But the trend is clear. Against most expectations, Nikola Poplasen, the leader of the ultra-nationalist Radical party, is set to defeat Biliana Playsic, the western-backed president of Republika Sroska, the Serbcontrolled half of Bosnia. The Radicals and their nationalist allies, the Serb Democratic party (SDS), are likely to form a new government and send the prowestern prime minister into

opposition. The results could wreck western policy in Bosnia. The US-mediated Dayton peace treaty that ended the civil war nearly three years ago now appears little more than a ceasefire agreement

the biggest per-capita aid effort in the world.

"It has been a monumen tal, monumental effort," said Nikola Poplasen as president

Spanish diplomat Carlos Westendorp as governor, the backed Mrs Playsic to the hilt, despite misgivings over her own nationalist leanings.

by hardline nationalists - the middle of spending more has led to fervent than \$5bn on a "reconstrucgramme, plus billions more maintaining more than 32,000 Nato-led troops and another army of civil servants. For a country of just 3.6m people, this represents

> one senior European official. is like having Le Pen as the head of the European Com-

that can only be enforced by keeping Nato troops in Bosnia indefinitely. The Dayton goals of rebuilding an ethnically integrated country that could stand on its own feet

tion and recovery" pro- Mr Westendorp, dismissed the Serb half of Bosnia.

"What has been achieved? stability are in place," he Nikola Poplasen as president said. "Psychologically the Mladen Savic, a 22-year-old

Effectively running Bosnia student of history with as a protectorate with the excellent English, explained international community stronghold of Bania Luka. Since she defected from not the priority. I don't want

Serb's law

that when an element of policy

In Bosnia, it seems, if anything can go wrong, it will. Guy Dinmore reports on the current elections and what they mean for the Dayton peace process

good relations with Moslems

them to live here.

and Crosts, but I don't want

we must live together and

we'll be all right. But if we

return as before there could

be war again. I don't believe

in Dayton. It's not the will of

the people or the politicians.

It was imposed by the USA.

We have the right to be

from hardliners. The Office of the High Representative. obstructive local mayors. The OSCE removed dozens of what it regarded as unsayoury nationalist candidates from electoral lists. Aid money began pouring into

polis, one official explained the strategy. "The building blocks for democracy and bubble has burst." He was

A few days before the

why he voted for Mr Poplasen even in Mrs Plavsic's "The economy is not

everything," he said. "If you are a patriot the economy is the SDS last year and took a a multi-ethnic society. My more pragmatic line, Nato father was killed by his

endent if w This refrain was repeated across Republika: Srpska. "People from the west say especially among Serb refugees who say they just do not want to go back to their former homes in Croatia or what is now the Moslem-

Mrs Playsic, saying she had betrayed her party. Her goal



and that of the we said, was to rewrite Dayton and create a "unitary" Bosnia where Republika Srpsks. - which has most of the

Croat federation. Many simply did not trust

attributes of an independent state - would be subsumed into one Moslem-dominated country. Diplomats also underestimated external factors, namely the rise of nationalist forces in neighbouring Serbia that propelled Vojislav Seselj and his Serbian Radical party into a ruling coalition with President

Slobodan Milosevic. Mr Seselj, a former paramilitary leader in the Bosnian war, has close personal ties with Mr. Poplasen, a university professor. Their two Radical parties are intimately linked and share the same aim of creating a "Greater Serbia" that would encompass Serbia, Montenegro, as well as parts of Croatia, Bosnia and even Macedonia. Mr Poplasen told the FT

their goal, through political His vision of a virtually

ethnically-pure Republika state in the middle. Srpska will put an end to the already slow process of refuges returns. Mr Poplasen non-governmental organisasays he wants to do business with the international community and attract foreign investment, but diplomats warn that several hundred million dollars in aid earmarked for the Serb-half of Bosnia will be cut off unless he keeps the Dayton peace

process on track. Most analysts agree that to divide Bosnia in two and remove Nato would invite renewed war. The Serbs are also aware that their weakened forces would be no match for a stronger Croatia and a Bosnian Moslemdominated army boosted by the US Train and Equip pro-

Already there is talk among diplomats that Dayton will have to be scrapped and that a wholesale redrawing of former Yugoslav borders along ethnic lines considered.

One idea is to give Serbia part of Repúblika Srpska in exchange for independence

"Greater Serbia" was still Serbia's southern province of Kosovo. Croatia would take a strip of Bosnia leaving an independent Moslem

The influential International Crisis Group, a tion that monitors the peace process Bosnia, is adamantly opposed to such a solution.

Another idea, suggested by ICG's Balkans director Chris Bennet and some other westem officials in to make Rosnia a temporary protectorate munity - as Germany was

after the second world war. Mr Bennet rejects as morally untenable the idea that Nato remains in Bosnia simply to protect a purely Serb Republika Srnska, in effect sanctioning the gains of ethnic cleansing.

But such proposals strike many as being too ambitions. The consensus among analysts remains that there is no real alternative to Day-

They expect the international community will stick with it and muddle through, hoping against hope that, by suppressing the conflict. they will buy time enough for a new generation of modthat, even if it took 50 years, or union with Albania of erate leaders to take root.

in here it was, the banner headline. inviting the citizens of Detroit to rise up in outrage: IMPEACHABLE OFFENSES" the newspaper

shrieked in boldest type. Political hearts beat faster at the thought that the placid majority might finally take up arms against the man who defiled the presidency. But read on: "HIGH CRIMES AND

INTERCEPTIONS" says the

subhead, printed beneath a photograph of four heavily armoured men in football uniforms. The offences in question, it seems, were sporting in nature: Detroiters were invited to condemn not President Bill Clinton but the hometown Detroit Lions for failing in criditon combat against the

Cincinnati Bengals, Elsewhere on the page, another promising headline. in bold red capitals: MAKING HISTORY. But no, sport is again supreme: the history being made is in baseball, where duelling bome-run giants Mark McGwire and Sammy Sosa provide an alternative vision of American heroism.

troops seized police stations Croat neighbours. I want View from the middle

Patti Waldmeir finds Detroit folk at odds with Washington over impeaching Clinton

everything, of course. But the judgments made by headline writers in this industrial bit of middle America – news about impeachment goes on the front page, but closely rivalled by sport, business of local events - are echoed everywhere citizens gather for civic conversation. In the gym, the beauty salon, the coffee shop, in restaurants. classrooms, and by the soccer field, there is universal disgust and embarrassment at the president's conduct - and almost as universal agreement that impeachment is a punishment disproportionate

to the crime. The subject is approached with caution. First, the ritual-condemnation of the sexual behaviour involved some variant of the words "of course I think what he did was disgusting". Even those who oppose impeachment - or perhaps especially those who do -

want to place on record their Next, from women voters (especially Democrats), the refrain that men are sexual animals - and that Mr Clinton is more sexual than most. In the words of one niddle-aged black librarian: "He's a fine figure of a man - I can see why Hillary has trouble with him!" This may briefly be followed by

uncharitable reflections on the first lady's sexuality, but the conversation soon. regains the higher ground. On to the issue of perjury. Here views are divided between those who consider it normal to lie about sex, and those who argue there is no such thing as harmless perjury. Either way, most agree that once caught, the

presidential attempts to deflect responsibility are increasingly offensive. From there, it is a short hop and skip to the question

only honourable thing to do

is "'fess up" and that

almost every sentence begins with "But". However strong the vitriol which precedes that conjunction, the sentences that follow are less febrile. Most Detroiters, and a majority nationwide. do not want to make history by ejecting a president from office over a private transgression. Most say they want some kind of third way

to punish by censure or resignation without paying a constitutional price for it. Otherwise, in the words of one beauty salon attendant (not to mention the rest of the world), "history will laugh at us". That is what Americans have consistently told

opinion polisters, well within the hearing of their Congressmen. And that will - presumably - detarmine the denouement of the impeachment drams. For in an online republic, the public will is instantly surveyed; the rest is just deinocracy by numbers. Or is it? Despite an

enduring, two-thirds opinion poll majority opposed to impeachment, Capitol Hill continues to entertain ejection as a real possibility. Why such a huge gulf between lawmakers and their flock? Is impeachment just as President Clinton said earlier this week, a

Washington thing?

There are those, in Detroit as elsewhere, who would say yes: voters who believe the District of Columbia, with all its government offices, lobbyists and lawyers, should be detached from the mainland and floated offshore to be run as a senarate republic.

But even those who wish to retain the District in the Union feel a curious alienation from the drama unfolding there. The answer may be that Washington, the nation's capital, is in reality a village. Those who live there (mostly politicians and (ournalists) abhor those who perform shocking acts on the village green. As one

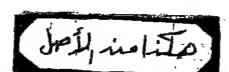
prominent Washington conservative said recently: "If you live in Peorla and someone soils the nest in Washington, it is not your nest. But if you live in Washington, it's personal." Perhaps he is right, and the impetus to impeachmen is partly personal:

journalists and politicians feel offended by the deceit and humiliation visited on them by their president. Normal citizens of Detroit. among other cities, are offended too. But they have an overwhelming desire to forget, rather than to forgive or flagellate. It is not that Detroit is

uninterested in presidentia<u>l</u> conduct - reprints of the Starr report have sold well throughout the city at \$1 a copy. But for the moment Detroit simply cannot summon sufficient outrage for impeachment Instead, Detroiters wonder how they will explain to their grandchildren that the worst crime ever committed against the state was an act of pitiful perversion committed by a president whose sexual appetites have long been legendary. It's enough to make any reader turn to the sports pages.



Big hitter. The exploits of baseball star Mark McGwire



COMMODITIES & AGRICULTURE

Disruption of BASE METALS LONDON METAL EXCHANGE (Prices trum Amelgamosted Metal Trading) supply fears lift oil price

WEEK IN THE MARKETS By Philip Coggan, Markets Editor

While a profit warning from Royal Dutch/Shell saw the prices of oil companies hammered in the stock market, Brent crude moved higher on reports that a tropical storm in the Gulf of Mexico might disrupt supply.

The storm forced staff evacuations at oil companies in the Gulf on Thursday. The front month contract traded above \$14 a barrel for the first time since June, while Brent December futures moved to \$14.27 from \$13.54 on Thursday. Sugar prices fell to an 11-

year low in Chicago trading as the recent downward trend in the sweetener continued. A fall in demand in Asia and Russia has coin-cided with good growing that the 1997-98 world deficit conditions in sugar producing countries to produce a surplus, estimated at 1m-2m

on the Coffee, Sugar & Cocoa based its forecasts of Exchange (CSCE) fell to 6.72 consumption growth. cents per pound at one point, with some analysts forecasting a potential drop to 5 tract, which briefly dipped cents. There were reports below 21,000 a tonne on that Brazilian producers, worried about the effect of devaluation, were selling Wall Street sho beavily.

"While sugar is very cheap at these prices, the devaluations in key exporting coun- 200 points on tries mean that the cost of recent sessions production has been signifi- been seen as a b cantly reduced" commented stock market

Cocoa futures initially towards resum pushed higher after a Thurs- role as a "safe !

	Latest	Change	Year	19	906
	prices	on week	490	Migh	LOW
Gold per troy az	\$290.96	-2.50	\$322.25	\$312.55	\$275,15
Silver per troy oz	296.00p	-3.76	293.70p	475,700	289.825
Akuminium 99.7% (cash)	S1317.5	-29,0	\$1635.5	\$1521	\$1276
Copper Grade A (cash)	31647	-33.0	\$2110.5	S1850	\$1571
Lead (cash)	\$513.5	-0.5	\$620.5	5514	\$506
Mickel (cast)	\$4066	+65.0	\$6450	\$5957.5	\$3995
Zinc SHG (cash)	3978	-36	\$1646.5	S1148.5	5978
Tim (cash)	\$5505	-70.0	25615	56245	\$5160
Cocca Fugures Sep	2982	-26	E1093	£1136	£1013
Coffee Futures Sep	\$1680	-23	\$1523	\$2115	\$1530
Sugar (LDP Raw)	\$173.20	+1.10	\$272.90	5297.40	\$172.10
Barrey Futures Sep	E70.75	-1.00	28G.50	280.50	E67.00
Wheat Futures Sep	E71.50	-1.70	E86.00	\$25.10	258,60
Cotton Outlook A Index	65.35c ' :	-0.60	79.50c	73.10¢	63.70c
Wool (64s Super)	300p		437p	392n	300p
Oli (Brent Stend)	\$14.09a	+1.635	\$18.375x	\$16,49	S11.35

Raw price (S per tonne)

0t 87 1990) 9	5 98
Scence Determent	_	, ,
LME wareho		CS ^{alt}
	Tornes	Chang
Akanjohen	501,400	+412
Atomicican alloy	76,820	-14
Copper	379,600	+487
Lead	115,275	-71
	59,022	-150
Nickel		
Nickel Zinc	369,500	+3250

would be a record 220.000 tonnes and would be followed by a 1998-99 defict of tonnes this year, growing to 150,000 tonnes. That would a possible 4m-5m tonnes leave world stock at its lowest level for 10 years, said The spot October contract ED & F Man, which said it based its forecasts on zero

Thursday, close

Gold was fair signs of recove

ly s wed	£1,005. teady as modest	■ HGH
ry s ustri d ma Thur s, g enel turi	after the al Aver- ore than sday. In old has aciary of bulence.	Sep Oct Nov Dec Jan Feb Total
tive ing save	steps its old	PREC
	16	Seld(Truy Clase Opening Morning t
.55 70p 1	\$275,15 289,82p \$1,276 \$1,571 \$806	Afternoon Day's Hig Day's Low Previous of
7.5 8.5 5 6	53905 5978 55160 £1013	Laco Lain. 1 month: 2 months 3 months Silver Fix
.40 50 10	\$1530 \$172.10 £67.00 £58.60	Spot Sher Le 1 month 2 months
19	53,70e 300p \$11,35	3 months Gold Colo Krugerran New Sove

Precious Metals continue MI GOLD COMEX (100 Trey az., S/tray az.) 291.2 +0.2 287.0 287.0 -291.4 +0.2 292.3 289.8 2.016 363.4 +3.0 365.0 356.0 1.247 364.4 +28 370.0 357.0 283 365.4 +2.8 363.0 359.0 4 366.4 +2.8 365.0 365.0 1.596. 1137-42 PALLADAMA NYMEX (100 Troy oz.; Stroy oz.) Kerb close Open Int. Total daily termover 298.20 +3.45 295 00 295.00 M LEAD & per tormo SILVER COMEX (5.000 Tray oz.: Censultary (IL) 492.7 -1.0 494.0 491.0 44 497.5 -1.0 501.0 494.0 6.376 499.6 -1.0 500.5 500.5 23 501.4 -1.0 505.5 590.0 53 503.4 -1.0 505.0 505.0 51 505.3 -1.0 503.0 503.0 15 High/low AM Official MICKEL IS per turne) 4135-40 4070-80 4130/4075 4075-80 4130-48 ENERGY 15.35 +0.49 15.38 14.85 46.367 4 15.47 +0.51 15.52 14.97 33,947 9 15.62 +0.53 15.62 15.13 18,199 8 15.67 +0.43 15.88 15.31 5,359 4 15.77 +0.37 15.82 15.48 2,261 2 15.96 +0.43 15.96 15.57 544 11 15.96 +0.43 15.96 15.57 544 11 TON (5 per torme) 5475-80 13.83 +0.29 14.10 12.59 27.130 83 14.04 +0.29 14.27 13.94 6.385 51 14.12 +0.25 14.96 13.96 2.027 37 14.25 +0.25 14.90 14.98 13.95 13 14.36 +0.23 14.50 14.25 611 13 14.42 +0.17 14.42 14.33 160 8 970-1 E COPPER, grade A (S per lonne) LME Closing E/S rate: 1.6830 Spot. 1.6835 3 miles: 1.6762 6 miles: 1.6691 9 miles: 1.6626 | 1775 | 1756 | 1756 | 1756 | 1757 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 1756 | 74.80 - 75.40 74.30 819 3295 74.80 - 75.40 74.40 183 3,370 74.76 +0.05 75.80 74.50 28 2,119 74.80 - 75.80 74.50 28 2,119 75.05 - 75.70 75.70 74 2,103 75.15 - 75.60 75.80 70 1.203 9,466 60,848 MATURAL GAS PE (1,000 figure; pence per figure) CIOUS METALS 2.300 ±0.162 2.320 2.142 32.994 4 2.530 ±0.141 2.570 2.395 18.502 3 2.690 +0.121 2.719 2.590 8.171 32 2.770 +0.090 2.760 2.640 5.457 23, 2.585 +0.075 2.830 2.525 1,268 20, 2.420 +0.060 2.460 2.365 1,923 18, 172.971 403.991 172.422 402.659 45.45 +1.71 45.50 43.85 10,753 25. 45.50 +1.48 45.50 44.11 4,700 27, 45.80 +1.16 45.80 44.70 2,294 9, 44.25 +0.89 46.25 45.50 25.6 4, 46.40 +0.28 46.40 94.5 94.5 2 47.00 +0.03 47.00 47.00 277 2, 19,576 85

ed	GRAINS AND OIL SEEDS WHEAT 1975 (100 tomes 5 per based	SOFTS III COCOA LIFFE (TO tonnes: S/tonne)	MEAT AND LIVESTOCK IN UNE CATTLE THE POSSORIE CONTROL TO
Open	Sett Day's Open	Sett Day's Open	Sett Day's Open Price opening High Low Vot jut
lat	price change Sigh Low Vol 161 Sep 71.50 20	price change High Low Vel Let Sup 982 -1 - 981 13 31	Det 62.500 -0.150 62.975 82.050 7.968 \$1,150
9,552 79,940	New 72.50 -0.15 72.65 72.50 22 2.603 Jan 74.40 -0.25 74.65 74.40 39 2.339	Dec 1014 +1 1019 1005 1,438 68,314 Nec 1042 -1 1049 1032 1,851 40,120	Feb 64.373 +0.275 64.625 63.650 1,696 16,653
16.299	Mar 76.46 -0.20 76.65 76.55 25 :579	May 1090 -2 1095 1056 295 15,358 bet 1078 -3 1085 1075 60 9,353	Apr 65.550 +0.200 96.080 65.350 763 4.047 June 62.950 +0.050 63.250 62.750 518 5.453
11,236 15,010	Many 78 00 -0.25 17.40 17.43 10 1,986 Total 96 8,007	Sep 1097 -3 1102 1096 471 27,352	Aug 82,700 +0.100 82,950 62,799 189 1,403 Total 14,497 94,467
174,250	WHEAT CRY 5,00000 mg; cress 500 business	Total © COCOA CSCE (10 torress. Situation)	IN LEASE HOUSE CHIE HAD DOORDE, CONTRACTOR
8.897	Dec 266.00 - 271.00 265.00 19,517 82,962	Dec 1519 +14 1529 1505 7,686 34,661 Her 1557 +12 1565 1547 1,897 20,253	Oct 40,725 -0.525 41.800 39.900 2,811 11,957 Bec 39.825 -0.925 40,650 39.325 2,453 12,192
2.250	Nar 281.25 - 285.75 280.00 3.044 27.130 May 290.50 -0.50 295.00 290.25 334 5.244	May 1594 +11 1590 1580 530 5,892	Feb 44.750 -4.500 44.505 43.615 458 5.325
21	301.50 -0.25 305.06 300.00 498 11.528 Sep 310.00 +0.50 312.50 311.00 12 405	Jul 1611 +10 1616 1611 125 1,914 Sep :638 -8 1680 1663 65 1,880	Jun 55,775 -0.450 58,000 55,550 208 1,082
	Total 22,454 127,899	Dec 1665 +9 1895 1663 191 4,728 Total 10,867 72,578	Jul 98,550 -0.150 58,560 56,100 60 550 Total 6,100 54,200
2,700	MAIZE CBT (5,000 bu min; cents/500 bushe) Sep 193.75 -2.00 195.50 192.75 1,770 1,441	COCOA (ICCC): (SDR's/toons)	ME PORICE SELLIES CHE (40,000fbs. commentati
328	Dec 205.00 -2.00 207.50 204.75 34.241 182.900 Mar 217.75 -2.00 220.25 217.50 4,979 62.182	Sep 17 Price Prev. day Daily	Mar 45.000 -1.125 48.000 45.750 30 169
3,113	May 225.50 -2.00 227 75 225.25 2,201 23.750	COFFEE LIFFE (5 tomes; \$/tomps)	May 48 650 -1.150 47.290 47.290 11 20 Total 1,343 3,133
69	Jul 232 00 -1.50 234.00 231.50 1,871 33.250 Sep 238.75 -1.25 240 00 238.50 527 5,454	Sep 1663 +9 1668 1650 89 1,518 Nov 1598 - 1610 1580 3,580 20,506	: 1.7
53.134 44	Total 47,366 323,677 BE BARRLEY LIFTE (100) (bookes; £ per booke)	Jan 1950 - 1565 1538 800 6,767	
9,465 1,759	Sep 70.75	May 1510 +3 1510 1504 229 788	LONDON TRADED OPTIONS
2.595 73.143	Nov 71.75 899 Jan 74.00 - 74.25 74.00 15 464	Jul 1500 +3 1505 1490 26 390 Total 4,821 32,372	Strike price \$ toner — Calls — — Pata —
	Nar 75.50 60 May 76.50 23	COFFEE 'C' CSCE (37,500lbs, cents/lbs)	THE ALLEGACION OCT Jan OCT Jan
	Total - 1,446	Sep 104.50 -3.50 108.00 104.00 177 154 Dec 101.10 -0.75 102.80 101.00 6.204 17.549	1350
Open	Sep 523.00 +2.75 523.00 518.00 736 829	May 101.85 -0.95 102.10 100.50 860 7,141 May 101.85 -0.50 103.00 101.75 172 3,211	1400 13 42 71 77 1450 5 26 112 110
int	Nov 522.75 -0.50 525.50 521.50 28,215 91,950	Jul 103.05 -0.30 104.00 103.00 49 1.490	E COPPER
46,077 93,361	Jan 533.75 -1.25 537.20 532.75 4,536 25.398 Mar 544.25 -1.50 547.00 543.25 3.168 19.111	Total 7,815 31,477	(Grade At LIME Oct Jan Oct Jan 1600 85 123 30 55
82,328 43,146	May 554.25 -0.75 557.50 553.50 659 7,397 361 563.25 -1.75 565.50 563.00 1.867 10.445	Sep 17 Press. day	1700 36 73 79 104 1800 12 40 154 168
20.267 18,673	Total 39,546 199,490 IR SOYABEAN DIL CET (SOLDONES: CRIS/NA	Comp. daily 92.76 94.41	E COFFEE UFFE Sep Nor Sep Nor
491,423	Sep 25.65 +0.34 25.66 25.36 296 752	15 day average 96.01 98.46 In White Sugar Liffe (50 towns: 5/mms)	1800 31 40 1 47 1850 1 27 21 73
Open	Oct 25.82 +0.29 25.88 25.30 3.862 25.185 Dec 25.84 +0.18 25.86 25.51 11,337 48,112	Dec 215.0 -29 219.0 214.4 2,287 15.061 Nar 219.9 -3.3 224.0 218.0 1,738 13.575	1 11 70 113 m COCOA LIFFE Sap Dec Sep Dec
let 83,946	Jan 25.78 +0 10 25.85 25.53 1,761 10,806 Mar 25.53 -0.93 25.63 25.35 1,549 15.634	May 223.9 -17 227.8 223.1 30 2,654	1025 25 27 1 38
51,039	May 25.46 -0.02 25.55 25.30 1,202 7.513 Total 21,348 117,852	Oct 228.7 -3.7 232.4 232.4 63 1.219	1075 1 12 25 73
37,092 13,754 13,875	SOYABEAN MEAL CST (100 tons; S/100)	Dec 2325 -3.5 240.1 239.1 44 138 Total 4,000 34,333	IN BRENT CHUCE IPE Oct Nov Oct Nov
8.258	Sep 123.9 -3.3 127.2 124.0 3,143 1,570 Oct 124.6 -2.6 127.8 124.5 6,353 22,709	U SUGAR "11" CSCE (712.000lbs; centu/lbs) Oct 6.57 -0.28 7.05 6.5013,812 48,160	1400 54 1450 37 67 -
n/a (24.)	Jan 130.8 -1.8 130.6 128.2 9.649 67.232 Jan 130.8 -1.6 132.5 130.8 1,846 15.703	Mar 7.31 -0.17 7.57 7.2012,471 71,825	
Open	Mar 135.4 -1.2 736.8 135.3 882 14.165 May 139.4 -1.1 140.6 139.2 787 7,823	May 7.42 -0.19 7.73 7,35 2,809 10,812 July 7.53 -0,19 7.83 7.46 966 7,573 Det 7.99 -0.15 8.22 8.00 25 9,023	LONDON SPOT MARKETS
32,484	Total 23,592 140,606 POTATOES LIFFE (27 todaes, £ per tospe)	Del 7.99 -0.15 8.22 8.00 25 9,023 Total 38,453 153,607	m CRUDE QIL FOS (per parrel) +01-
33.138 26,239	Nov 80.0 3	Det 73.86 +0.84 74.00 72.90 523 1,752	Dates \$13.59-3.69x +0.495 Brant Bland (Quies) \$13.94-4.00 +0.525
25,145 17,812	Mar 123.0	Dec 75.80 +1.19 75.84 74.25 3.904 37.007 Mar 75.00 +0.95 75.00 73.85 824 20.574	Brent Blend (Nov) \$14.06-4.12 +0.495
16,519 89,231	May 158.0 -2.0 29 Juns 168.0 -2.0	May 74.85 +0.75 74.65 73.75 124 10,292	W.T.1 S15,38-5 42r +42,440 M.E. PRODUCTS MME prompt defining CF (torne)
	Total 129 2,072 ■ FREGAT (EPTEX) LIFTE (\$10-index point)	Jesi 74.45 - 74.45 74.00 30 6,475 Tetal 5,231 85,248	Premium Gassine \$154-156 +2 Gas Dil \$128-129 +3
Open	Sep 890 -5 895 890 13 113	M DRANGE JUICE NYCE (15,000ths; cesta/ba) Nov 105.40 -4.10 108.55 105.10 647 15.253	Heavy Fuel Oil 551-62
int 34,134	Oct 950 +5 950 950 27 501 Jan 890 -5 990 990 5 402	Jan 108.36 -4.16 112.50 108.25 342 8,696	Naphtha 5127-130 ↔4 Ust fuel \$146-147 ↔4 Dissel \$143-144 ↔4.5
20,501 38,926	Apr 1025 +10 201 Jul 910 +10 200	May 113.80 -4.05 116.60 114.00 25 765	W NATURAL GAS (Pence/Inerm)
17,369 13,383	Total 29 1,810	Jed 116.55 -4.05 179.00 117.00 5 352 Sep 118.55 -3.05 122.10 122.10 - 35	Backen (Oct) 12.45-12.50 -0.13 Petroleum Argus. Tel: Lancon (01.71) 359 8762
7.944 84,999	PULP AND PAPER	Total 1,177 27,004	III OTHER
a-desa	III PLILPEX ONLY (USS, 24 air stry tous)		Gold ger tray 025 \$290.95 +0.80
1	Sett Day's Open		Silver (per troy 02)4 496 50c -7.00 Platinum (per troy 02.) \$357.50 -0.50
3,380 2,730	price change High Low Yel Int Dec 433.25 +1.25 433.25 433.25 2 380		Paltaclum (per troy oz.) \$288 00 - Copper 84 0c
27,550 Li	Mar 453.25 +0.25 453.25 453.25 2 96 Total 4 485		Land (US prod.) 45.00c Tin (Kasia Lumpur) 20.23r
Open			Tin (New York) 260.5
int 45,232	FUTURES DATA All tutures data supplied by CMS.		Sheep (five weight) 75.85p -1.24**
36,731 32,508		VOLUME DATA	Lon. day sugar (raw) \$173.20 -9.90
39,823 30,298		Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CST, NYCE, CME, CSCE	Lon, day sugar (whet \$275.00 -5.00 Barley (Eng. feed) Unq
18,729 78,968	Spices from Man Producten Prices in USS per zonne. White peoper	and IPE Crude Oil are one day in arrears, Volume & Open interest totals are for all traded months.	Make (US No3 Yellow) \$109.00 Wheat (US Dark North) Unq
- aparteri	prices tended firmer on quite heavy short- covering. No supplies from Chine and		Rusber (Dcg♥ 47.00p Rusber (Nor)♥ 47.50p
	Sarawak leave Indonesia the sole supplier.	INDICES	Robber (KL RSS No.1) 259.50th +0.50
Open	Fresh industrial buying remained limited. White FAO is offered on the spot at \$6,750	IPDICES E Rectors (Size: 18/9/31 = 100)	Cocurus Cili (Philips 640.0y +2.5 Pales Cili (Multay.) \$ 672.5
献 25,457	S6,000 CIF. In contrast, black pepper	Sep 18 Sep 17 month ago year ago	Copra (Philis \$407.5) Soyabeans (US) 150.0)
27,174 9,697	prices eased further in cautious trading. Black FAQ is quoted on the spot at	1465.8 1476.6 1519.0 1915.6 CRS Feberso (Base: 1967 = 100)	Colton Osticok A' Index 65.35 -0.50 Wooltops (64s Super) 300p
4.372 2.502	\$4,900-\$5,000 and Asta even at \$5,300.	Sep 17 Sep 18 month ago year ego 201,53 202,81	C per lesses unless otherwise stated in percenta, it costs/fe, it alreads
2,245 6,255		M GSCI Spot (Base: 1970 = 100)	ing, na Malaysiana centralog, y Augoling, ir Sap. Microsom Proyesco. N CO Robertholo. N Acellico combinet classe. " Champa can week. 1820and pri James of pign scots.
-4-65		Sep 17 Sep 16 month ago year ago 148.65 145.24 143.15 194.28	
2.77	The second secon		

Europe markets pause for breath

benchmark 30-year bond was

GOVERNMENT BONDS

Per tonne unless otherwise stated is Peocartig, a Carta Ib. v Hoy'l

WORLD BOND PRICES

By Khozem Merchant

Markets in Europe closed lower in lacklustre trading to defend the kroner. yesterday as investors paused for breath. Global worries set the tone for markets, with underlying age opened lower, but equiness in equities the domi-Hans Tietmeyer, Bundes-

bank pres	sident, u	irged i	aster	per c	ent. Si		term		
BENCHN	MARK (OVE	RNMEN	IT B	ONDS				
Sep 18	Raci Debe	Coupon	Eld	Bid Yield	Day chg yield		Month chg ytd	Year chg yid	
Australia	01/01 06/08	8 750 8 750	108,3451	4.87	-0.08	+0 02 -0 02	-0.36 -0.27	+0.18	
Austria	07/00 61/08	5 875 3.000	103.6100	3.77 4.25	+0 03	+0 16	-0.15 -0.39	-0.46 -1.22	
Seigiam	01/00	4.000 5.750	100.5000	3.59 4.27	+0.03	+0.03	-021 -043	-0.42 -1,34	
Campde	03/00	5.000 6.000	99,6600	5.24	-0 01 -0.02	+0.12	-0.10 -0.38	+1 11	
Decement	11/00	8 000 7 000	108.2400 316.5400	484	+0.32 +0.06	+0.47	+0.61	+0.24 -1.35	
Finland	01/99 04/88	11.900	102.3129 112.4350	3.12 4.36	+0.03	+0.08	-0.32 -0.29	-0.98 -1.38	
France	01/00 04/05	4 000 7 500	100.5200	3.57	+0.02	+0.08 20.0+	-0.20 -0.45	-0.50 -1,26	
	04/29	5.250 5.500	108.8800 109.6500	4.11 4.86	-8.01	-0.06 -0.09	~0.46 ~0.31	-1.35 -1.24	
Germany	03/00 10/05	4 000 6.500	100.7100 115.2900	3.49 3.98	+0.03	+0.12 +0.02	-0.18 -0.39	-0.44 -1.17	
	01/08 01/28	5.250 5.625	109.6500	3.98 4.84	-0 02	-0 06 -0 09	-0.48 -0.29	-1.55 -1.33	
Ireland	10/07 08/08	8.500 6.000	107.2500 172.9300	3.95 4.36	+0.04	+0.13	-0.39 -0.38	-1.50 -1.71	
italy	04/01 05/03 05/08	4.750 5.000	191,4209 192,6000 104,6500	3.90 4.06 4.39	+0.03 +0.03 +0.01	+0.09 +0.09 -0.05	-0.31 -0.32 -0.34	-1.52 -1.56 -1.77	
	11/27	6 400	178 6700	5.24	+0.01	-0.04	-0.09	-1.52 -0.23	
-Japan	06/03	4.500	118.4500 115.5500	0.55 0.71	+0.02 +0.01 -0.01	+0.02 -0.05 -0.13	-0 40 -0.54	-0.53 -1.30	
Hetherlands	05/00	2.700 9.000	122,1406	1.46 3.64	-0.06 -0.06	-0.18 +0.17	-0.69	-1,44	1
New Zeeland	07/08	5.250 a.000	108.9100	4.12	+0.01	+0.02	-0 46 -0.48	-1.37 -0.98	1
	11/06	8.000	119.6254	5.87	-0.11	-0.16	-0.34 +1.76	-0.80 +3.42	1
Honesy	01/99 01/07	9.000 8.750	108,7500	5.41	_ =		+0.01	-0.36	
Portugal	03/00 06/08	5.375 5.375	102.5300 107.6300	3.59 4.39	+0.03	+0.09 -0.07	-0.47 -0.39	-1 46 -1.68	
Spain	04/00 01/08	6.750 6.000	104.5300 117. 9800	3.68 4,41	+0.03	+0 05 -0.04	-0.31 -0.33	-1.16 -1.55	1
Sweden	05/00 05/08	10.250 6.500	109.0370 113.4330	4.79 4.72	+0.02	+0.08	+0.02 -0.08	-0.54 -1 61	Ī
Switzerland	03/00 06/07	5,000 4,500	104.9500 113 6860	1.54 2.69	+0.01	+0.02	-0.52 -0.10	-0.19 -0.80	
JK .	11/01 - 12/03	7.000 6.500	103.7734 105.7189	5.88 5.23	+0.02	-011 -012	-0.72 -0.67	-173 -145	
	12/07 12/28	7.250	116.6484 120.1250	4.97	+0.01 .	-0.16 -0.19	-0.65 -0.61	-1.66 -1.61	
ıs	05/08 05/03	5 500	101-2035 103-3444	4,74 4,68	-0.01 -0.01	-0 04	-0.82 -0.72	-1.08 -1.40	A
	05/08 11/27	5 625	106.5544 112.4908	4.77 5.28	-0.01	-0.06 -0.03	-0.64 -0.34	-1.33 -1 11	5

convergence of interest rates were also higher, with 10- in early trading before climby eurozone members as year bonds up & at 106%. bing back to end at 5.02 per Denmark, which is not in yielding 4.76 per cent, and the first wave of Emu, raised 2-year notes up ± at 100%. the December 2007 gilt its repo and discount rates yielding 4.65 per cent. UK gilts closed slightly again, standing at 4.97 per US treasuries showed lower, as attention switched cent. some early strength after the to the equity market, where Ger Dow Jones Industrial Averearly gains to end lower. The

the FTSE 100 index closed down 1.5 per cent. The ties recovered later and December gilt future settled 114.02, down 0.23, with bonds eased. At midday, the at 115.01, down 0.5.

In the cash market, the Eurex. In the cash market, up & at 104m, yielding 5.18 yield on the benchmark 10- the 10 year bund yielded year gilt fell below 5 per cent 3.954. Treasury Rifls and Road Vielris

remained below 5 per cent

German bunds gave up

December future settled at

440,000 contracts traded on

US	INTEREST	RATES
ntegi		

France							
MOTION.	AL FRIENCH E		ės (mati	FI FR500,00	6		
	Open	Sett price	Change	High	Low	Est, vol.	Open int.
Sep Dec BILDING TI	109.58 ERM FRENCH	109.75 110.00 I BOND OPTN	-0.09 (AM) 2M0	110.22 TIP	109.79	104,989	103,381
trike	_	CALL				PUTS	
hice Ida	0a 5.25	Nov 6.25		Dec 5.25	0e:	Ngv	Dec 0.01
04	5.25	6.25		5.25	:	:	0.02
105 106	4 25 3.25			4.28 3.37	•	0.01 0.05	0.06
	Calls 9,128 Pu		•		- 38,037 Page 58		U.14
Serman							
RUINA	AL GERMAN (_	_		
ec	Open 113,78	Sett price 173.91	Change -0.21	High 114.05	Low	Est. voi	Open mt.
ar.	11270	712.58	-0.21	1 (4,103	113.75	94	5052
HOTION	ul German I	BUND FUTUR	610	DMZ50,000	100ms of 10		
	Open	Sett price	Change	High	Low	Est. val	Open int.
ec ter	113.97 113.95	114 02 114 23	+0.05 -0.07	114.21	11378	440.030	591,529
_	TURES OPTIO		•	114.38	11395	699	7,968
trika	TOTAL SET IN	CALL		A posits to	10074	PITS -	
rica	Oct	Hoy		Dec	Oct	Nov —	Déc
1350	0.53	1.00		1.26	0.12	0 59	0.85
1400	0.24	0.74		1.00	0.33	0 83	1.00
1450	0.08	9.53		0.78	0.67	1.52	1.37
NOTIONA	Calls () Purs () L. Geruman B	SOURCE (BORF)	OTURE	S (DIE) D	M250,000 1	Cons of 100	%
	Open	Sett price	Charge	High	Low	Est. vol	Open Int.
ec	108.02	107.93	-0.08	108.13	107.79	178,835	274,617
	107.57	107.55	-0.14	107.61	197.55	347	,112
aly							
-	I THE LAW CO	WF 2000 =		.mra 4	- I' ma-	1004	···
	L ITALIAN GO						
	Open	Sett once	Change	High	LOW	Est. vol	Open int.
AC.	111.30	111.07	-0.20	111.30	110 76	12628	81653

Spain								Ecu							
MOTTON	al spanis	BOND FUTU	RES (MEFF)					m ech box	D FUTURES	(MATIFI ECI	100,000				
	Open	Sett price	Clange	High	Low	Est. wil	Open int.		Open	Seit price	Change	High	Low	Est. vol.	Open int.
Sep Dec	115 04	113.65 114.77	-0.33	115.16	114,72	48,355 92,923	22,263 88,064	0ec US	-	106.14	+0.28	-	-	-	-1
								III US TREAS	SURY BON	FUTURES (C8T) \$100,0	00 32nda oi	100%		
****										1 1 1 1 1	_				_
									Open	300	Change	High	LOW	Est. vol.	Open lot.
	AL 5 YEAR	GILT PUTURE	S (LIFFE) 21	00,000 100	te of 100%			Sep Dec	128-29 128-22	128-27 128-20	-0-04 -0-04	129-01 129-00	128-27 128-18	19,335 491,274	40.854 702,582
NOTION	AL 5 YEAR	Sets price	S (LIFFE) £1	00,000 100 High	te of 100%	Est, val	Open Int.	Dec Mar	128-29	128-27	-0-04	129-01	128-27	19,335	40.854
Sep Dec	Open 105.95	Set: price 105.77 106.92	Crange -0.06 -0.05	High 106,95	Low 106.95	Est. voi 0 2	Open int. 561 1696	Dec	128-29 128-22 128-11	128-27 128-20 128-15	-8-04 -0-04 +0-01	129-01 129-00 128-15	128-27 125-18 128-10	19,335 491,274 1,422	40.854 702,582 68,512
Sep Dec	Open 105.95 AL UK GELT	Set: price 105,77 106,92 FUTURES (LF	Crange -0.06 -0.05	High 106,95	Low 106.95		561	Dec Mir Japan	128-29 128-22 128-11	128-27 128-20 128-15	-8-04 -0-04 +0-01	129-01 129-00 128-15	128-27 125-18 128-10	19,335 491,274 1,422	40.854 702,582 68,512 of 100%
Sap Dec	Open 105.95	Set: price 105.77 106.92	Crange -0.06 -0.05	High 106,95	Low 106.95		561	Dec Mir Japan	128-29 128-22 128-11	125-27 128-20 128-15	-0-04 -0-04 +0-01	129-01 129-00 128-15 280 FUTORS	128-27 128-18 129-10	19,335 497,274 1,422 00m 100m	40.854 702,582 68,512

UK (Alts Price is	des	Fri Sep 18	Compe %	The Sep 17	Accrued Interest	#1 2년 #1		Imples	- Coiced	Fri Sap 18	Day's change %	Thu Sep 17	Accrees	K Indic
1 Up to 5 years 2 5-15 years (1 3 Over 15 years 4 knedsemables 5 All stocks (46	명 (취 (취	120.64 171.31 222.90 300.33 162.65	0.03 0.01 0.07 0.19 0.03	120.61 171.30 232.74 299.77 162.60	211 298 273 4,42 2,83	7.45 7.34 8.20 8.53 7.76		7 0	er 5 years (0) er 5 years (0) i elocies (11)	220.80	0.02 -0.04 -0.03	220.76 241.02 237,11	1.04 1.32 1.37	4.36 E.05 4.51
Tields	Sep 18	Sep 17	AL São	High	Low	Sep 18	Sep 17	ediam eg Yr ago	upon yield	Low	Sec 18	Sep 17 Yr ar	otopon yield — Ki Filob	Low
s ymi 15 yrs 20 yrs ried.†	5.31 4.52 4.78 5.04	5.30 4.82 4.79 5.05	6.63 8.63	7 07 27/8 7.07 27/8 7.07 27/8 7.07 27/8 7.15 27/8	5.29 17/9 4.82 18/9 4.78 18/9 5.04 18/9	5.36 4.95 4.96	5.35 4.98 4.97	6.78 6.64 6.61	7.15 27/6 7.09 27/5 7.07 27/6	5.35 17/9 4.98 18/9 4.96 18/9	5.33 5.05 5.04	5.33 8.8 5.05 6.7 5.05 6.7	7.18 27/8 7.16 27/8	5.33 17/ 5.05 18/ 6.94 18/
ndex-finked	Harten		Inflation :	rate 5%				inflation	rate 10%					
lo to 5 yra Wer 5 yrs	2.72	2.71 2.40	3.45 3.35	3.14 29/8 3.07 4/2	2.59 12/2 2.40 17/9	1.99	1.97	2.72	2.47 29/6 2.87 4/2	1.77 10/2 2.19 17/9				_

	-			-																-
5 ym 6.1 15 yrs 4.1		5.30 4.82	6.68 6.63	70	7 27/6 7 27/6		17/9	5.36 4.95	5.35	6.78	7.15 27/		135 17		5.33	5.33	6.82	7.18 27	8 5.7	3 17/9
20 9/3 4.1		4.79	9.63		7 27/8		18/9	4.96	4.98	6.64 6.61	7.09 27/		.98 18		5.05	5.05	6.72	7.16 27/	49 5.0	5 18/9
irred.† 5.0		5.05	6.72		5 27/8		18/9	-20	7,01	0.01	7.07 27/	9 4	.96 18	(a)	5.04	5.05	6.72	7.15 27/	5 6.0	H 18/9
Index-finited			- Inflatio							Indiana										
Up to 5 yrs 2.7	-	2.71	3.45							inflation r		_		_						
over 5 yrs 24		240	3.45		4 29/B		12/2	1.99 2.21	1.97	2.72	247 29		.77 10							
									219	3.28	2.87 4/2	2 2	119 17	/9						
Average gross redemp	don yes	ds are	STORMIN .	above.	Coupe	M Bands	LOW: UT	-7-4%; MI	diux 8	%-1014%;	High: 119	N and I	over. †	Flat yie	eld, year Yo	er to de	im.			
Base values: UK Gits	THE REAL PROPERTY.	31/12/	/5 = 10	100.0X	and inc	iax-Linke	8 30/4/82	± 100.00.	* 1998	highs and	Det.			-	,					
-T Fixed Interes	it Indi	ces																		
	Sep 18		17 -	40	15	e- 11		Manage												
	JCJ 10	3ch	17 300	16	Sep 15	Sep 14	1 200	High	TOM,				Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Yr ago	Boin*	Log"
ignt. Secs. (UK)	111.09	111.0	06 110	0.05	109.88	109.52	99.35	117,09	93.31	Floord 1	-		E4 PR	100 40	***					
© FTSE international Ltd 1 Seale 100: Government, Sec	998. All I	nghts re	served."	for 198	d. Gover	MONTH Sec	urities bigs	signe commi	mion: 127	40 0901/2	N Inter 90 c	I POTAN	131.UZ	130.49	149.85	149.90	149.65	128.98	151.02	115.3
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UK GILTS	PRIC	FC														_				
ON GILLO		ira																		
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Motes	int_	Red	Price 5	+8-	itigh	.09		Robin	_ int	Red Prix	3£+g-	High	Low			Notes	(t) Yield	2 Price E		1996 High &
Acerts" (Libres up to Fire)	(cars)					F	res 64oc	2004	6.23	5.15 10	45 1	1007	45-11				4-9	A I I INC. U	70- 1	-
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eas 91 ₂₀ c 1999	943	6.81	100#	-Z	1047			2003-5		5.30 12		1321	1241	2120c 2120c			2B4 3	24 201 /2 10		OT & 19
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								2003-7_4	9.52	5.57 12	ŭ	123.2	11911	21-00			241 2			16
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41							ME 90: 20		8.85	5.61 131	12 -1		1217	- 86	******	100.11		60 164° ₄	-le 16	54% 14
res 8 ¹ 2pc 2000	8.26	6.20	102)3	dun	103]	IA119 -	ress Spc 20		6.39	5.00 1254		1254	713%							
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tes 3pc 2000	11.65	6.12	1117				BOOK BY ADC	2010	5.67	4.99 11	1 - I	1114	99,2							
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nv 10pc 2002	8.75	5.51	714,6	76	114%	11UES -	GH 80C 20		611	E 04 10401	_									
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ne 9/200 2002	8.39	5.51	1135			103H4 7s	ess out. 21		6.00		<u>u</u> +⇒	134[2	1184	Other	Fixed	nieras				
62: 9 ¹ 40: 2007	8.50	5.54	114()		1144	IIII TE TO		13-17¥				1450	45123				•			
ch 9pr 2002	0.00	5.57	112/4			170.2	ear gas as	21	5.63	5.12 17	ά	172 Å	156							-
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FINANCIAL TIMES WEEKEND SEPTEMBER 19/SEPTEMBER 20 1998

package worth \$100bn in all.

The dollar advanced 1.1

pfg against the D-Mark and

Y0.5 against the yen to end

lar faces resistance at about

dated, and a Y13,000bn pub-

POUND IN NEW YORK

lic fund to recapitalise weak

banks will be abolished.

However, the news did little to buoy the yen. Most for-eign exchange strategists

think the currency will drop after September 30, the end of Japan's fiscal half-year, when companies will stop

shoring up their balance

SPOT FORWARD AGAINST THE POUND

1.6815 1.6790 1.6735 1.8540

DM1.6950 and Y133.

CURRENCIES & MONEY

Dollar gains

MARKETS REPORT

MILET AND LIVESTOP

THE BOAT ROOM

,E₂O) .1

The dollar rose yesterday as The dollar rose yesterday as the week in London at fears for Latin America DM1.692 and Y132.8. The doleased, and prospects that President Bill Clinton might be impeached faded.

The US public still seems to support him, even if embarrassing videotapes of his testimony to a grand jury over sexual scandals will be released on Monday. The news of their release dented the dollar only briefly.

As for Latin America, the market thinks the West will provide enough support to save the Brazilian real from devaulation. News that Brazil would probably get approval for a \$1.1bn loan from the Inter-American Development Bank was welcomed, even though that amount of capital has been leaving the country every day recently. A week ago traders had been talking

about a western support

sheets by bringing home

Currency trading was thin yesterday and far calmer than it has been recently, as direction from listless stock markets. Much of the market is taking a long weekend because of Jewish holidays on Monday and Tuesday.

Japan's government and I The Danish central bank opposition parties yesterday yesterday raised interest agreed on first steps to rates to protect its currency, tackle the country's banking after confirming that it had crisis. The alling Long Term Credit Bank of Japan will be also intervened in the mar-ket four days running. The nationalised and then liquirepo and certificate of deposit rates rose 1 percentage point to 5 per cent, 170 points above the German repo rate. The discount rate jumped 50 basis points to 4.25 per cent. The krone firmed slightly.

The currency has comunder attack partly because the market thinks it might be devalued before it joins the second incarnation of the European exchange-rate

European finance ministers are discussing ERM II this weekend. Denmark is not joining the launch of

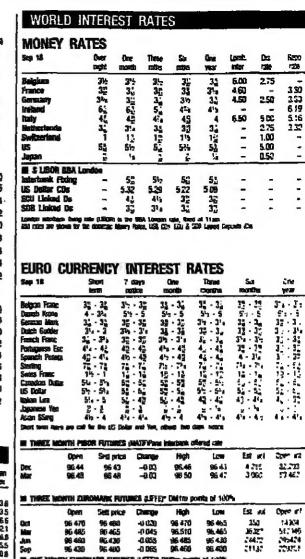
European monetary union, and with global markets in turmoil, that has led to its currency being perceived as a relatively risky highdealers waited in vain for yielder compared with the rest of northwestern Europe. It has also suffered from the slides in the Swedish and Norwegian currencies.

> ■ The rouble continued to plunge on fears that Russia will print money to pay overdue wages. The currency had risen earlier this month. sian banks that needed it strong when they paid off their dollar debts. Yesterday it dropped to about Rs18 against the dollar in offshore

new prime minister, said the government was planning "a ting the foreign exchange market and strengthening control of foreign currency operations." He hoped these measures would start to have an effect next week. The government's main aim, he said, would be to keep the rouble stable and maintain

its purchasing power.





Sets price

98.340 98.340 98.240 98.130

-0 020

MONTH EDROYDY PUTURES (LEFF) Y100m points of 102%

96,330 96,320 96,220 98,120

Open 4.8 16:3109 26:325 66:740 41:737

Open att.

487,057 481,865 389,218

Est, wa

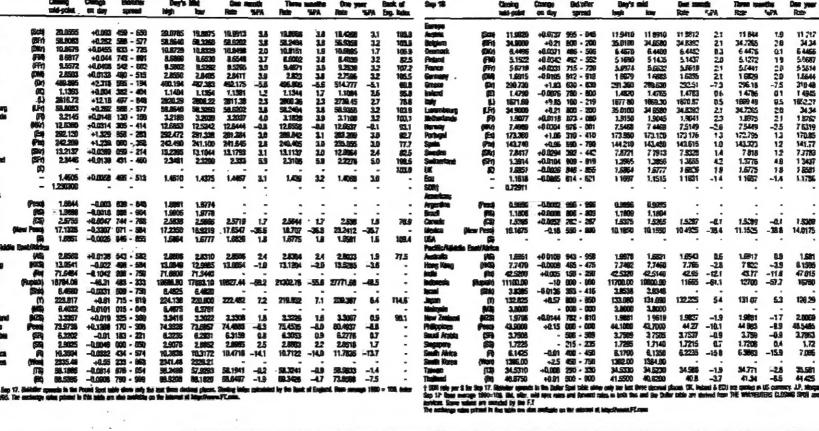
132,113 136,195 77,320

0ec 0.095 0.170 0.260 0.375

PUTS Mar

Jun 0 430

94,74 95,00 95,06



105	RAT	ES A	ND DE	RIVAT	IVES								-											
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Sep	16	Mir.	Deta	Rt _	DAE E	L L	Ħ	jeu	В	Pa	Stir	SH	3	C\$	\$	Y	Ese			Rate repaired, Sco	Change on day	% +/- from	% spread v weekest	
m.	(BFr)	100			1547 - 1.5		. 5.466	. 21.49	496.7	411.9	22.47	1987	1.700	4,380	2.865	390.6	2.486							<u>-</u>
K	(DKr) · ·	- 54,11	10		1.623 17				265.8	222.9	12.16	2.157	0.920	2.370	1.550	205.9	1.335		357,000 .796244	336.95% 0.784543	+0.00047	-5.61 -147	5.32 0.59	
		61.53			2982 1.1			13.22	305.7	253.4	13.83	2.453	1.046	2.895	1.763	234.2 78.52	1.518		./90244 1957.61	1939.64	+0.88	-0.92	0.33	
ň,	UND	20.63 51.62		3.353 8.369	1 0	00 ''988, 247		4.433	102.5 258.4	84.98 212.6	4.636 11.80	2.058	0.878	2.261	1,479	196.4	1.273		168,220	186,677	+0.042	-0.62	0.33	
	(E)	2.088				40 100		0.440	18.37	8.500	0.489	0.063	0.036	0.091	0.060	7.946	0.052		7.54257	7.48361	+0.00334	-0.75	0.19	
andis	14	18.29			1887 6.3			3.931	90.87	75.36	4.111	0.729	0.311	0.801	0.524	69.63	0.451		6.63186	6.58085	+0.00194	-0.77	0.18	
and a	(FI)	48.54			2.258 0.5			10 .	231.2	191.7	10.46	1,855	8.791	2.038	1,334	177.1	1.148		1.97738	1.98251	+0.00064	-0.75	0.16	
	(E)	20.13			1976 0.1			4,326	100	82.91	4.523	0.803	0.342	0.882	0.577	76.82			13.9119	13.5088	+11,0036	-0.74	0.15	
•	(Pta)	24,28				70 116	1.327	5.217	120.6	100	5.455	0.968	0.413	1.963	0,696	92.41	0.500		202,682 40 7844	201.188 40.4872	+0.065 +0.0158	-0.74 -0.73	9.15 9.14	
	(SI(r)	44.51			2157 0.8			9.583	221.1	183.3	10	1.774	0.757	1.949	1.275	169.4	1.098		2,72799	2.21317	+0.00078	-0.67	0.08	
and	(SFr)	25.08			1,216 0.4			5.309	124.5	103.3	5.636	3	0.427	1.099	0.719	95,46	0.519		E.01125	5.97583	+0.00191	-0.59	9.00	
	(2)	58.81			2,850 1.1			12.64	292.1	242.2	13.21	2.345	1	2.576	1,595	223.8	1.450							
i	(CS)	22.83			1.107 0.4			4.905	113.4	94.04	5.130	0.910	0.388	1	0.654	86.90	0.563	NON ERAL MEMBERS	S					
	(8)	34.90			1,892 0.5			7.499	173.4	143.7	7.342	1.391	0.593	1.529	1.753	132.8	0.061	UK O.	253611	0,689482	-0.001623	5,48	-5.75	
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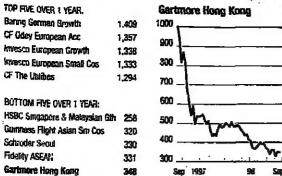
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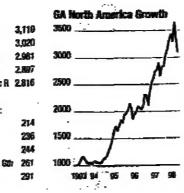
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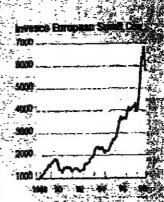
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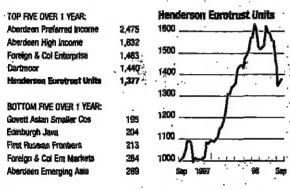
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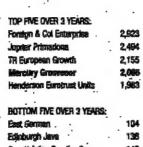
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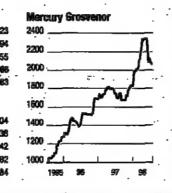
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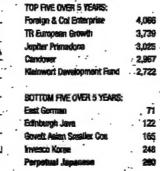
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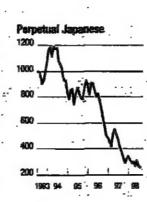
WINNERS AND LOSERS















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Int General	1	1988 (2)	. 3	5 D	wPaH -	Volatility	YM96	UK Inc Gth	. 1		3	5° p	sPs(+)	Victorially	Y317%	■ Japan	1 9	er (C)	\$	5 🍱	Pa (I	Volume (1965	m Property		1 year 🗗	3	S Chiffs	m(-) %	necticy 1	ng
Personal Assets		1001	1734	2254		2.9	1.8	Fleming Income & Capital Units		1187	1561	1723	7	29	4.8	Baillie Gifford Japan		739	568	531	15	6.5	-	TR Property		974	1388	1431	21	5.8 3	3.3
Majedie		1097	1555	1777	8	3,5	2.4	Gartmore Br Inc&Gth Units		1176	1509	-	-	2.7	3.3	GT Jepan		649	546	582	17	6.3	- '	French Property		1252	1316	1302	25	52	1.4
Tribune		1044	1413	1664		3.9	1.5	Tempté Bar		1206	1487	1888	6	4.8	3.8	Edinburgh Japan			530	528	15	6.3	-	Wigmore Property		300	1302			6.3	0.9
Scottish bryestment		1014	1392	1661		4.3	2.0	City of London		1051	1484	1806	_	4.4	3.2	Reming Japanese			488	527	18	6.8	-	Trust of Property Shares		778	903			5.2	14
Alliance		1082	1369	1683	16	3.9	2.5	Merchanis		1201	1479	1726	9	4.8	4.7	Schroder Japan Growth			474	_	18	7.5	-	SECTOR AVERAGE		986	1227	1172	- 0	5.6	24
SECTOR AVERAGE		1004	1322	1653	-	4.3	22	SECTOR AVERAGE		1063	1293	1619	•	4.2	4.3	SECTOR AVERAGE		645	433	458	-	7.8	•								1
int Capital Growth	1							Smaller Coes UK								Far East inc Japan	1							Split - Capital							1
Jupiter Primadona		1271	2494	3025	-6	6.4	0.9	Gertmore Smaller Companies		1028	1321	1724	14	5.7	2.0	Martin Currie Pacific		560	561	250	26	75	25	Scottish National Cap		1329	4280	3690	10 1	8.3	4
British Assets Growth		1181	1659	-	21	5.1	-	Eaglet		1056	1308	1257	19	5.5	1.4	Henderson Far East Income		559	547	649	22	7.0	9.1	Jove Cap		3885	3854		38 2		4
RIT Capital Partners		1112	1606	2189		4.9	0.7	Beacon		992	1306	-	19	3.8	1.5	Asia Healthcare			511	-	-	6.0	0.5	Jos Holdings Cap		1313	2135	3118	36	5.3	4
Honderson Electric and General		1083	1452	1822	10	4.9	1.4	NetWest Smaller Companies		903	1208	1611	15	6.6	2.4	Foreign & Cal Pacific			505	647	25	6.9	22	Fulcrum Cap		1509	2105		26 1		4
Anglo & Overseas		1066	1372	1703	12	4.0 4.8	1.8	Fleming Mercantile		888	1175	1339	18	5.5 5.5	3.6 2.4	Govett Oriental			315 488	400	16	7.5	1.2	Gartmore Scotland Cap		1379	2093			7.6	1.
SECTOR AVERAGE		952	1295	1593	-	4,6	1.5	SECTOR AVERAGE		917	1036	1204	-	3.3	2.4	SECTOR AVERAGE		500	465	586	-	7.0	3.1	SECTOR AVERAGE		1456	1806	2153	-	2.0	1.0
int Income Growti	h							High Income								Far East exc Japan	1, G	eneral	l					■ Split - Inc & R	esidua	al Cap	Shar	es			
British Assets		1066	1426	1433	15	5.1	4.5	Aberdeen High Income		1632	1788	-	-11	6.1	7.9	Henderson TR Pacific	-	442	381	550	20	9.3	0.6	Johnson Fry Utilities		2111	3061		27 1	0.1	4.5
Securities Trust of Scotland		932	1245	1448	•	4.4	3.9	Dartmoor		1440	1699	2242	-19	3.9	8.9	Pacific Horizon			378	450	33	8.5	1.9	Johnson Fry European Utilities		1722	2488				3.11
Murray International		872	1144	1412			3.8	Shires income		1292	1586	1812	10	5.0	4.8	INVESCO Asia			342	-	32	9.1	21	Henderson Eurotrust		1390	2185				0,9
SECTOR AVERAGE		987	1272	1431	•	4.7	4.2	Gasgow Income		1250	1554	1760		4.7	4.9	Edinburgh Dragon			317	437	31	7.4	-	SR Pan-European		915	1918	- /			1.6
								Gartmore Scotland Units SECTOR AVERAGE		1152	1519	1769		3.9 4.8	3.7 5.8	Aberdeen New Dawn SECTOR AVERAGE			313 290	363	32	7.A 8.7	22	City of Oxford		1421	1875				5.8
								SECTION MICHAGE		1363	1323	1743	-	4.5	3.6	SELIUR AVENNEC		361	290	364	-	87.	1.5	SECTOR AVERAGE		1268	1547	1711	-	7.3	7.4
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Henderson Strata		908	1319	1856	14	5.5	0.1	Foreign & Col Enterprise		1463	2923	4066	14	6.4	1.6	New Zealand			486	862	7	7.8	3.4	Rights & Jasses Inc		1502	2233	3214		5.3	5.7
Herald		1115	1300	-	18	6.3	0.6	Mercury Grosvenor		1220	2066	3039	19	3.8	25	Aberdeen New Thai			264	231	-7	8.2	4.3	M&G Recovery Inc		1392	1741	1815		5.5 3	
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Mid Wynd International Foreign & Col Small Cost		962	989	1097	24	4.4	1.8	Kleinwort Development Fund		1067	1586	2722		3.3	4.7	Schroder Korea, Fund			211 200	211		15.2	-	Jupiter Seared Inc		1223	1600	1457		3.5	
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Flerung Claverhouse		1147	1616	2267	0	4.8	1.7	Edinburgh US Tracker		1077	1696	2006	.7	5.2	0.9	Baring Emerging Europe		_	306	-		12.7	-	Johnson Fry European Util Zen	1	1059	1363	-		1.5	
Mercury Keystone		1154	1602 1502	2342 1892	-2	4.9	2.3	Fleming American North Atlantic Small Cos		964 832	1549	1863	13 21	5.1 4.7	0.4	Central Europe Growth Fnd Soudder Latin America			792			11.2	-	Heming Income & Capital Zam			1355	1519		1,5	-
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Investors Capital Growth		1041	1435		26	5.1	-	Foreign & Col US Smalt Co		844	1074	1215	25	5.5	-	Morgan Grenfell Latin American			525	-		10.8	0.5	Gartmore Shared Eq Junior Zar Gartmore Shared Eq Zaro	a		1342	-		1.5	- 1
SECTOR AVERAGE		1077	1398	1795		4.3	2.9	SECTOR AVERAGE		876	1244	1613	-	5.6	1.0	SECTOR AVERAGE			523	473		10.5	0.7	SECTOR AVERAGE		1079	1331	-		1.3	- 1
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	1077	1696	2008	7	5.2	0.9	Baring Emerging Europe	559
	964	1549	1863	13	5.1	0.4	Central Europe Growth Fnd	486
	832	1274	1995	21	4.7	-	Scudder Latin America	499
	859	1137	1461	21	6.2	-	Templeton Latin American	377
Co	844	1074	1215	25	5.5	-	Morgan Grenfell Latin American	392
	876	1244	1613	-	5.6	1.0	SECTOR AVERAGE	397
							■ Closed End Funds	
	1207	2155	3739	0	6.7	0.4	Capital Gearing	1075
5	1377	1983	2212	1	5.9	0.8	Ereter Preferred Capital	1348
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Performance: Tables like these are full Volatility: Shows the absolute of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future - they are merely a historic record. Trap 2: don't make minute comparisons of unit and investment trusts – the unit trust figures take account of the spread between buying and selling prices; the investment trust ones take mid-market prices in both cases. So comparisons flatter investment trusts.

1239

variability of a trust's performance. As a rule of thumb, the more volatile a fund's progress, the higher the return investors demand from it to compensate for the additional risk. Unusually volatile funds should be avoided by anyone investing over the short or medium term or those who cannot afford big losses. But investors who can afford to take a long-term view may want to have some high risk/ high reward trusts in their portfolio to spice it up.

Yield: Even this has traps for the unwary. Most unit trusts charge their management expenses against income, so the yield is not of expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, thus inflating the yield. Our managed funds pages identify those trusts which charge to capital. Investment trusts used all to charge expenses against income, but some now charge some against capital.

FINANCIAL TIMES WEEKEND SEPTEMBER 19/SEPTEMBER 20 1998

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FT MANAGED FUNDS SERVICE

Authorised Investment Funds FT Colyman Unit Trust Prices are evaluable over the telephone. Call the FT Colyma Help Desk on (+44 171) 673-4578 for more details. tal little Salling Suping on York Charac Anton Pitter : \$73 **AUTHORISED** INVESTMENT 103.70 103.70 103.20 107.00 107.34 102.56 34.00 95.18 63.60 FUNDS -Unit Trusts and OEICs 471.36 217.96 14.406 307.66 37.066 60.6206 129.066 430.306 430.306 801.306 801.306 801.306 801.306 -146 -40 nae Francis III jihayra Liti (0900) i 25.28 102.0 -2.1 100.1 1665 -2.2 34.69 35.63 +1.43 57.69 34.88 +1.55 16255 171 10 -214 DS0 TOTAL 118.79 -22 880 -421 471 -181 886 -43 886 -43 887 -481 887 -13 887 138.6 55.94 165.4 66.02 186.5 171.2 170.2 Lazard Holt Tat Mingry Ltd (1200)F 2 5 367 7 300.00 -51 7322 8474 ... 0.40 -52 5514 101.76 1.89 -52 10485 25.902 0.300 5.75 - N MAN 17.20 (お長 19147 -)旅 (株乃 19471 - 217) Bankey (117) (38 5958 Salor: Managed for Salor: Managed Acc 700 IS 442 43 47 13 536 55 46 15 136 126 45 22 127 187 -18 22 268 232 -18 16 Met (1280) 1285 12787 2785 2848 2707 285 66 627 1867 1863 1867 1864 2862 1754 2862 1754 2877 2713 1039 1802 -164 -240 788 -74 -1803 1907 -60 -1849 1741 -60 -1849 1741 -60 -1850 2571 -63 877 1858 1855 -64 270 1864 1854 -64 240 1864 1854 -68 240 - 1707 1824 - 1707 1824 - 1707 1827 - 1708 1827 - 1708 1828 おけれる Abbey McCount Unit Track Managers, Ltd (1900). 1972 Mccost Style, Shaper 1904 261.8 189.5 79.5 79.92 28.08 200.0 me Fo Manger Ltd (100007)
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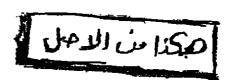
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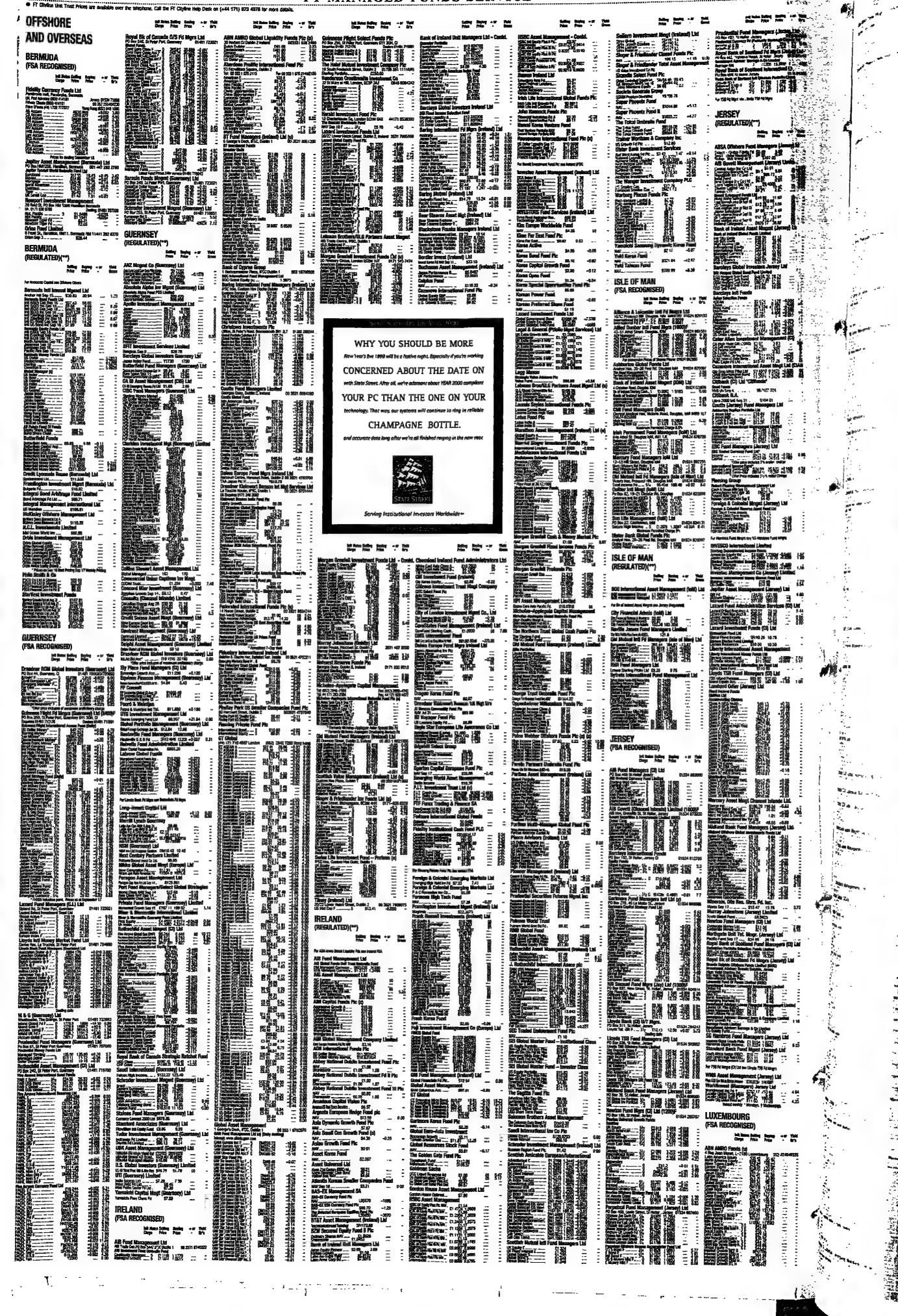
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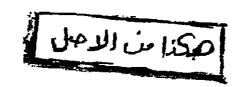
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FINANCIAL TIMES WEEKEND SEPTEMBER 19/SEPTEMBER 20 1998

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LONDON STOCK EXCHANGE

Profit warnings set the alarm bells ringing

MARKETS REPORT By Stave Thompson, UK Stock Market Editor

What began as a promising week for London's equity market per cent, before it rallied. ended in disarray yesterday with stock prices tumbling again and the FTSE 100, London's benchmark index, finishing below its

level at the start of the year. As if the market did not already have enough on its plate, with optimism over the prospects of a co-ordinated reduction in global interest rates blown apart midweek by Alan Greenspan, chairman of the US Federal

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profits and its worst trading conditions in five years, took the market by surprise, sending Shell's stock price down around 9

Shell's statement is the latest in a long list of shocks that the market has had to absorb; last week saw FTSE 100 stocks Bass and RMC alert the market about their concerns about current-year profits. Even more of a surprise for European stock markets was the profits warning issued by Alcatel, the French telecoms equipment manufacturer.

The FTSE 100 index settled a Reserve, confidence was dealt yet further 77.3 lower at 5,055.6, ments that there was "no endea-

The market's alarm was not The head of one big London- makers, many of whom were confined to the leaders; the sec- based investment management caught out by the downbeat comond-line stocks were also heavily group said he felt Footsie would ments made by the Fed chairman sold. The FTSE 250 index slid 40.4 have to test the 5,000 level again. in midweek, was that the bad to 4,646.8. And the FTSE Small- before it stabilised. "Whatever news overseas from Russia and Cap index did not escape the your views on the domestic econ- Latin America will continue to overall weakness, dropping 11.2 omy - and there is a feeling that affect Wall Street and the big to 2.061.0.

ers anticipated some positive ing overseas," he said. news on interest rates from Mr Greenspan.

100 future occurred just after a and exactly in line with fair

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EQUITY FUTURES AND OPTIONS TRADIN

Expiry of the September FTSE

40-point fall in the contract,

although the volatility that has

marked previous expiries was

notable for its absence, writes

September expired at 5.111.

virtually at par with early trad-

ings in the FTSE 100 Index. It

had stood 60 points above

cash in early trading, but this

narrowed rapidly as expiry

December started trading at

E FIE 100 FER PITTES LITTE CITY ON ME VALUE COME.

FIRE 250 MOEX PUTURES (LIFTE) 210 per tull leden point

MI PTRE 100 BIDEX OPTION (LIFTE) ("5082) 210 per full index point.

5,260 and settled at 5,130. In index options.

Open 8et prios Chaege High

5190.0 5111.5 -17.5 5200.0 5070.0

4676.5 -21.5 4726.0 1775.0 -36.0 1725.0 4725.0

Eporoschild.

The oil major's warning on the past two sessions to 236.1 or cut global rates, produced a zero for next year, that will be a 4.5 per cent. Over the week, the sell-off in global stock markets, test for the market," he said index fell 63.0 or 1.2 per cent. which engulied London. A general view among markets.

> rates in the UK are coming down European markets. Over the week's first three if not next month then certainly Turnover in equities at 6pm

This was 75 points over cash

value. Volume in December

Overall options volume was

\$1,000 fots. Trading volume in

stock options was small, the

busiest being EMI at just 257

European-style Index options

were again brisk at 23,000

lats, institutions are said to be

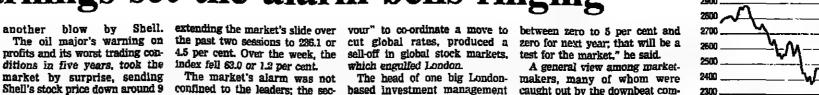
keen to take advantage of

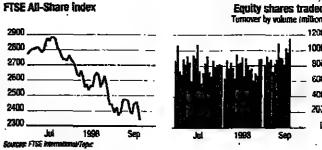
current high implied volatilities

However, volumes in the

was 28,000 contracts.

trading sessions, the FTSE 100 before the end of the year - you reached 1.15bn shares, the highhad made rapid progress as deal- can't cope with problems emerg- est for some months, boosted by the exceptional activity in Shell, He added that the market had which accounted for almost 8 per to cope with more profits down- cent of the market total. Non-But the Fed chairman's com- grades. "Strategists are talking of Footsie stocks made up 43 per





JUR 1998 : FTSE International/Topic	Sep		Jul	1998	Sep	
and ration			FISE 1	00 Inde		
50	4646.8	-40.4	Closing	index Sep 1	8	5055.8
50	2425.9	-34.2	Change	over week .	App July (41 to 11 to 11 to	63.0
U-Share	2354.83	-32.11	Sep	17		5132.9
li-Share yield	3.34	3,22	Sep	16		5291.7
	3102.1	-50.8	Sep	15		. 5281.7
on-Fins p/e	19.99	20.28	Sep	14		5258.8
00 Fut Sep	5111.5	-106.5	High"	,.,,.,,.,,.,		5360.6
ilit yield	5.09	5,09	LOW"	,	, , , , , , , , , , , , , , , , ,	5034.7
it/equity yld ratio	1.32	1.62	"Intra-day	high and low	for wark	

would be any problems in

meeting the short(all, Vol-

The news that Allied Car-

pets had received an

approach lifted the stock

somewhat from the doldrums, as it rose 121: to 67p.

British Energy bucked the

poor market trend after SBC

Warburg Dillon Read pub-

lished a strong "buy" recom-

mendation on the stock and

upgraded profits forecasts

for the company. The shares

As a result of higher prices

and lower costs, analysts at

Warburg upgraded profit

expectations for the year to 1999 by £22.5m to £202.7m.

for bus and train stocks was

rewarded by the strong prof-

its advance by Go-Ahead.

which prompted gains in

similar companies. Go-

Ahead's 30 per cent underly-

ing profits rise prompted a

Kwik-Fit benefited from

positive broker comment fol-

lowing its good results on

Thursday that prompted a

series of upgrades to profit

forecasts. Dresdner Klein-

wort's FTSE 250 team, which

selected the stock as "one of

the 10 stocks you must own

tinue to argue it deserves a 15-20 per cent premium rat-

ing to the market." The

sharply. SBC Warburg Dillon

Read reduced its profits fore-

shares gained 10 to 477 p. Drinks giant Diageo fell

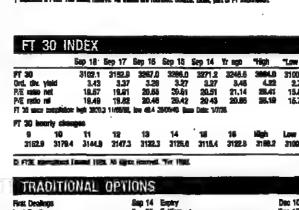
gain of 39 to 766p.

Recent investor appetite

jumped 26 to 580n.

ume was 14m.





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10 PSSSMEEDERS	3859.88	-21	3941.76	6007.52	COLUMN TO A	L	3.43	1,68	19.44	93.29	1784.10	5829.70		3596.94 2155.19		5202.58 4758.29	3/10/97 7/5/98	990,20 1090,00	19/2/86 21/12/88
12 Extractive Industrial(II)	4477 70	-22	4576 75	4594.74	5338 73	3.69	3.28	1.65	20.55	98.59	2103.73	8827.11	13/5	4133.00	22/2	5627-11	13/5/98	982,30	20/2/88
15 Oil Integrated(4) 16 Oil Exploration & Prot(12)	1976.72	-3.5	2047.89	2130.67	3746.49	2.73	2.39	0.99	46.26	45.60	1236.38	3625.18	2/1	1883.20	3/9		_	650,30	
M IS THE THE STATE OF M	1572.71	-1.3	1593.31	1655.71	2102.28	4.66	4,10	221	12.12	47.00	932.08	2447,95	22/5	1572.71	18/9		22/5/98	986.10 538.30	14/1/86 9/9/92
2) Construction(38)	1225 25	-11	1258 78	1223.25	1877 55	5.55	4.81	2.10	10.73	42.08	732.34	2056.00	1/6	1335.25	1/9 18/9	2393.22		954.80	9/9/02
52 finaling Vote II Navorotilli 23 Chemicals(22)	*B10 OF	_4 4	1970 30	1977 42	2R05 R2	5 35	4.98	1.79	13.73	329	539.87	3185.53		1818.95		3165.53	15/5/98	979,50	14/1/85
24 Diversified Industrials(i)	975.47 2211.28	8.0	00440	1000 14	7400 40	592	5 51	2113	10.37	56.27	617.37	1536.61	1 3/ 5	950.29 2054.68		2231.57 2913.98	2/2/94 7/7/98	951.29 988.80	
25 Decisions & Elect Equip(26)	DOMESTIC COMMISSION OF THE PARTY NAMED IN CO.	80	2022 04	211779	2075 98	420	4.75	277	11.45	39.19	130230	22.00	11/5	2004.28	18/9	3336.87	11/5/98	962.80	10/11/87
3 Engineering Vehicles(11)	2994.72	-17	2M5 18	2195 50	3347 23	297	2.72	3.24	12.96	59.53	1658.37	4622.19		2984.72 1505.08		4622.19 3142.02	26/5/98		14/1/86
28 Paper, Policy & Printing(22)	1505.08	-2.3	1541.27	1566.53 5423.79	2205.54	230	3.35	243	90.01	100 12	2077.40	EHED 22		4975.19	2/1	8182.22	20/7/98	957.50	14/1/86
III OTHER LINE DE	5225.91 2062.17	-78	3214 42	3300.64	3331.59	4.57	3.87	1.50	17.12	250 721	1101.27	4249.U1	20/7	2962,17	1979	4249,01	20/7/98	967.50	14/1/86
32 Alcoholic Beverages(6) 33 Food Producer9(25)	De DO 44	20	2252 44	244D 70	3034 02	3.29	2.81	2.12	27.91	22.60	1554,43	4423.50		3189.44 2406.94		4423.56 3704.44	8/6/98 24/4/98	948.18 EZZ.TO	14/1/86
34 Household Goods & Tests(24)	2406.94	-0.1	2410.32	2432.29 2180.47	3162.40 2224.86	2.43	2.25	1.93 2.27	14.93 22.62	32,15	1362.08	2616.34	21/7	2115.31	17/9	2015.31	21/7/98		21/1/86
36 Health Carell 3) 37 Progressored (15)	2123 44 9428 83		0202 07	0002 18	75NN 61	1 27	174	159	D.15	155.31	334.20	TOTAL SECTION AND ADDRESS OF THE PERSON AND		200.25		10050.95	2/2/96 9/9/98	953,70 962,00	13/1/86 9/1/86
36 Tobacco(3)	5904 81	+2.0	5789,95	5821.38	4365,70	5.91	4,73	1.96	70.80	130.70	1652.70	000000		4802.62 2880.07	13/1	3808.50	20/7/98	_	23/1/86
40 SERVICES(278)			1002 00	3264,86	2272 20	5 22	437	109	12 E3	BS-TH2	73320	200.00		1890.43		3319.33	2/2/94	968.50	
41 Distributors(25) 42 Leisure & Hatels(27)	ACCT AC	49.00	2007 85	2010.67	3185.31	3.56	298	2.62	13.43	/5.34	121221	411224		2557.45		4195.54	9/6/98	1075,400	
(7) Best (40)	3930.19	-1.6	3994.13	4036.81	4254.10	255	223	215	21.90 18.67	70.00 55.76	1959.49	2051.65		200.00 200.00	3/9 9/1	4000.94 3251.85	20/7/98 6/7/98	976.20 917.40	9/1/86 21/1/86
44 Retailers Food(13)											1230 21	2478.83	86	2001.30	18/9	2478.00	8/6/98	879.10	9/12/88
45 Regallers, General(49) 46 Telecomorumicalions(9)	4373.52 3060.50													2738.24 3060.50		51/1.III 441.58	371/7/58 9/6/38		3/10/86 14/1/86
47 Breweires, Pubs & Rest.(24)													97	3934.91	2/1	5475.71	9/7/98	-	1/2/81
48 Support Services(64) 49 Transport(C4)	224 A EB	-06	3333 10	3402.50	2959.53	3.20	2,65	1.50	23.65	69.42	1489.66	420		2786.67		4127.07	-	966.00	_
60 UTILITIES(22)	4191 24 4628.72	+12	4142.78	4125.75	3108.93	3.86	3.16	1.77	18.25	92,24	2021.28 2737.50	4191.24		3519.37 3851.86		4191.24	18/9/98	802,50 995,30	3/10/86 7/1/91
G2 Electricity(B)												3342.33	153	2/81.40	20	202.21		994.98	9/12/86
64 Gas Destruction(2) 68 Water(12)	7777 77	±13	3678.50	3677.75	2900.07	4.20	233	2.33	11.69	112.14	2333.01	3730.84		3005,36		3730.84		824,70	1/5/90
	2427 50	-14	2472.31	2535.88	2383.19	3.22	2.76	1.94	19.99	50.20	1997.72	2932.39	20/7	2409.95		2832.39	20/7/98	63,49	13/12/74
70 FRANCIALS(106)		_			1000 60	2 00	316	2 17	16 19	126 40	2014 73			4315.49 8010.33		6076.57 8833.42		977 <u>2</u> 70 850.60	23/1/86
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73 insutance(16)														8084.10		7713.88	19/3/38		23/1/96
74 Life Assurance(7) 77 (May Financial(25)	3387.07			3485.59 1863.83										3387.07 1806.24		5215.06 2431.05	15/4/98	855.30 718.40	1/10/90 16/9/92
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EN PERSONNELL TERRISORS	3156.57													2354.R3			20/7/98		13/12/74
89 FISE AR-Share(847) 105 FISE AR-Share on the Total)	2354.83 2954.83	-13	2388.94 2397 M	2451.66 2462.44	اجامعت 2364.49	3.35	2.85	2.00	18.54	53.48	1110.61	2862.35		2363.87		2000.17 2002.35			4/6/97
ICS FISE AB-Share on the Total)	2363.97 1428.97	-14	TARE OF	1440 CA		0.67	0.53	4.08	46.05	5.10	1433.62	1882.97	20/7	1005.99	2/1	1802.57	207/50	TITLUS	(1/12)97
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FTSE 250 FTSE 250	246	0.1	246 2065		2453. 2063.8			444.2 82.54		2440 2061.4		2440.7 2961.10		131.3 10.51	2438 2060.4		2467.A 2070.72		21.7 0.25
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Shares run tor cover from Shell

COMPANIES REPORT By Joel Kibazo and Martin Brice

A profits warning from oil giant Shell Transport and Trading rocked an already shaky market and helped

send the Footsie tumbling. The company warned that earnings will suffer from lower margins in its refining operations and the steady drop in the price of oil. Royal Dutch/Shell said it was leaving its London offices as part of a corporate

Frustrated holders baled out of the stock yesterday, sending turnover to a hefty

Bargain hunters helped the shares to recover some lost ground and they ended

John Toalster, a long-term bear of the stock, said sim-

Alan Sinclair at Charterhouse Tilney was another disappointed analyst. He said: "Whilst the company's inability to communicate remains alarming. Shell has what we already thought the cost-cutting myth has en exposed. Shall has been market should remain very suspicious of Shell's ability

816¼p. Blue Circle failed to shrug

reshuffle

Last month analysts condemned the company for compounding disappointing figures by offering a poor explanation. Relations with the investment community worsened when the group posted plans for a lowerthan-expected dividend.

this year.

18% off at 336p.

ply, "Shell has belatedly come to terms with reality. There is nothing new in this statement."

to meet targets." In the rest of the leaders, a

LIFFE EQUITY OPTIONS

turnover of 20m. The shares edged forward to close at

and the shares rose 11 in early trading. However, they later surrendered most of

245/2p. At this level they trade on just 9 times this year's forecast earnings. Ear-While analysts pointed out that the RMC warning cen-

tred on eastern Germany and Blue Circle had little exposure to that market. they also said the figures represented a decline from the previous interims.

Blue Circle decline

Kevin Cammack at Merrill Lynch, who is sticking with his forecast of £322m for the full year and earnings per share of 28.1p, said: "There is no doubt that the stock is inexpensively rated, but you have to ask yourself if inexpensive means cheap."

However, David Taylor at Teather & Greenwood took following the results. £5m off this year's forecast and £20m off next year's, He rates the stock a "hold" and said: "It is impossible to raise any enthusiasm for Arabia following the fall in exposure to European heat-

300 38% 45% 54% 16% 31 37 420 16% 31% 40% 35 47 55 300 46% 6% 77 17% 26% 34

300 489 50 77 179 2009 34 420 22 4697 50 34 389 52h 500 54 689 50h 34 389 52h 500 38h 62 72 52 56 57 779 360 201 344 479 20h 20 25 56 360 11 389 26 369 44h 504 0 50 459 596 701 16 224 41

RISES AND FALLS

MAIN MOVERS

off the gloom that descended on the building materials off the gloom that descended on the building materials sector with the profits warning on Thursday from RMC.

Blue Circle produced results that came towards the top end of expectations later surrendered most of their gains to touch their 52-week low of 243p before clos-11 Group 288 James Place Cap 267ing just a penny firmer at 130 6 lye

gins in Malaysia and Chile lier this year they stood at plus currency remain the worries.

> Asda Group settled 5 off at 1691 p. It emerged after the market close that the company is freezing prices on 12,000 food and clothing products until January 1999. However an analyst said:

"The reality is that Asda is not giving away much gross margin, which could reassure investors."

Leading engineering manufacturers endured a mixed day as British Aerospace bounced from the lows reached after results on Thursday. It was the best performer in the Footsie, in the FTSE 250", told cligaining 36 to 362p. Senti- ents: "Kwik-Fit is trading at ment in the stock was a market rating. We conhelped by positive comments

Some analysis were said to believe the stock had been oversold on fears for its defence contract with Saudi the oil price and there were ing. The pressure on mar- no reasons to suppose there

12.0

621 1,034 1,466 3,510 4,412 7,314

63

cast by about 5 per cent. The shares fell 19 to 532p. The news that Greenalls had delayed its trading statement from Thursday to Monday sent a shiver through pub stocks. It said the move digest results from Diageo. due on Thursday and expec-

ted to show a fall. Greenalls was off 11 at 321p as Dresdner Kleinwort Benson downgraded its earnings growth for the sector from 11 per cent to 4.5 per

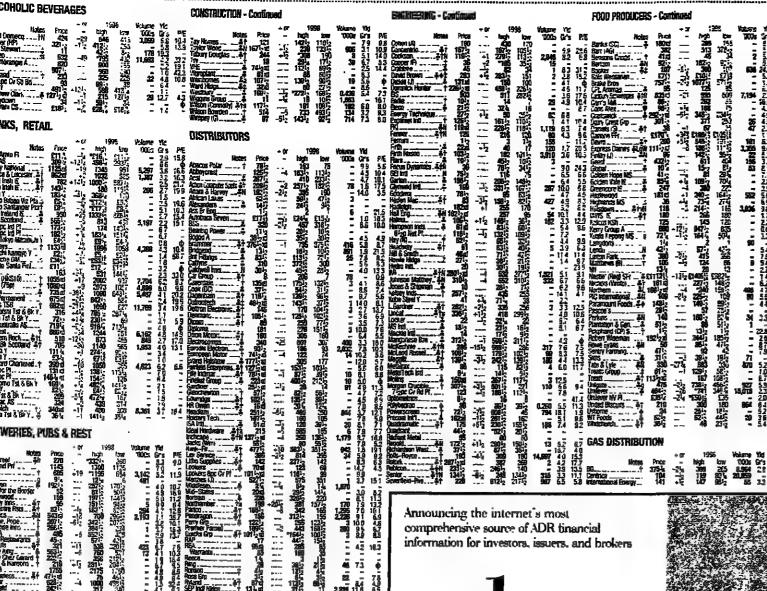
NEW	52	WEEK	HIGHS AND	LOWS

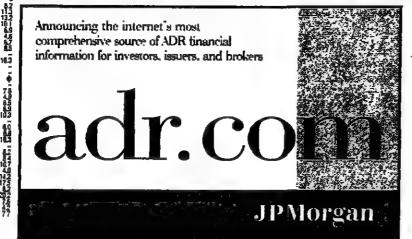
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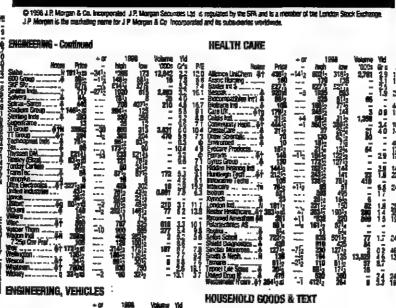
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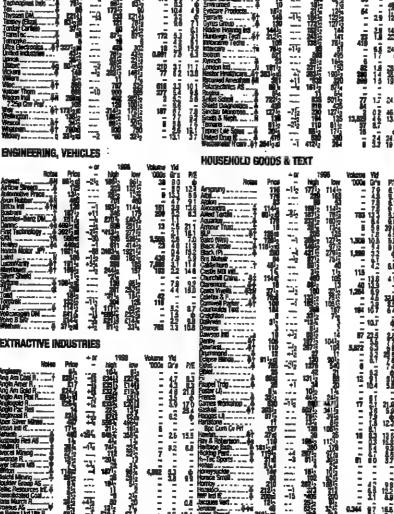
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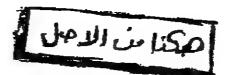
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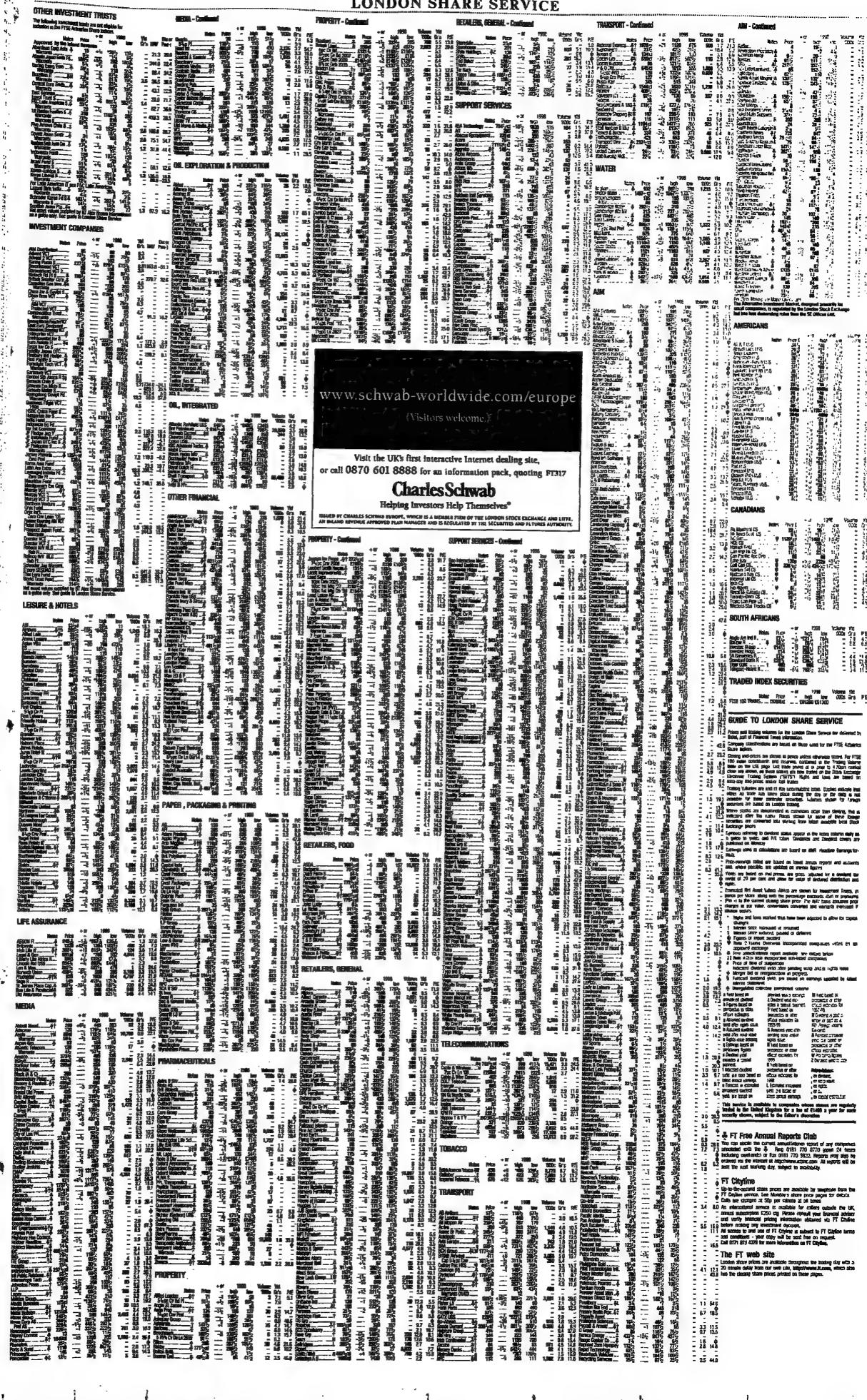
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FINANCIAL TIMES WEEKEND SEPTEMBER 19/SEPTEMBER 20 1998



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Clinton tape Shell shocks Amsterdam with earnings alert adds to Q3 profit worries

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changed in early afternoon tatives judiciary committee its first fiscal quarter, as the voted to release a videotape of President Bill Clinton's from weak sales. testimony to the grand jury on the Monica Lewinsky nector manufacturer, fell # case, writes Trocy Corrigon to 40% after it formally in New York,

The tape and a further 2,800 pages of evidence may cause further embarrassment for the president. Opinion polls continue to show that most Americans want President Clinton to remain in office, but uncertainty surrounding a possible move to impeach the president hung over sentiment

The Dow Jones Industrial average was down 7,21 or less than 1 per cent at 7,868, while the Standard & Poor's Composite index was off 2.04 at 1.016.83.

The stock market has also Nova Scotia eased 15 cents been subjected to downward pressure by a continuing rial, though, hardened 25 flow of profits warnings cents at C\$29.40. Golds took from US companies, most of which will report thirdquarter earnings next

Union Carbide said yesterday that its third-quarter earnings could be down as much as 35 per cent from the second quarter as a result of low prices and demand weakness, particularly in Asia. The shares fell 🔒 to

87f after the sports footwear rose 25 cents at C218.90.

company reported much better than expected quarterly US stocks were little earnings and an upswing in after the House of Represencompany continued to suffer

AMP, the electrical conrejected Allied Signal's amended tender offer and changed its poison-pill provisions to help fight off the hostile takeover effort.

TORONTO ticked over in early trading. Banks and golds were generally weaker, but there were a number of solid gains among selected industrials. At the noon count the 300 composite index was off just 7.14 at 5,718.50,

Banks, heavily sold on Thursday, stayed dull. Royal Bank of Canada came off 56 cents at C\$61.65 and Bank of in a 10 cents decline at Placer Dome.

Among industrials, tele-coms leaders rallied after the previous session's steep falls. Northern Telecom added C\$1.65 at C\$61.90 and BCE gained 20 cents at C\$47.96. Alcan Aluminium gave up 50 cents at C\$33.40, but there was plenty of blue ink in evidence.

However, Nike rose 3% to to C\$47.85 and Bombardier

Sao Paulo leaders rally

modest buying as the dollar R\$24.60. flight of recent sessions cantly. By midsession, the Bovespa index, down 4.7 per cent on Thursday, had added 149 at 6,581 or 2.3 per cent.
Leaders pushed higher

across the board. Telebrás at 3,487.77. advanced 3.4 per cent to R\$85 and Petrobrás, off almost 15 per cent in the precent to R\$119. Eletrobras per cent at 3,018.55.

SAO PAULO rallied on improved 1.7 per cent to

MISSICO CITY also pushed appeared to slow signifi- higher, aided by what traders described as modest butgain-hunting. Telmex rose 20 centavos to 21.75 pesos and at midsession the IPC index CARACAS improved,

largely on the back of better oil prices. At midsession, the vious session, gained 3.5 per IBC index was up 97.04 or 3.3

traded. The day's low was European integrated oil F1 83.70.

The second profits warning respectively.

PARIS ended 60.04 lower Shell, the Anglo-Dutch oil at 3,465.22 on the CAC 40 giant, and at the close index after a heavy-volume AMSTERDAM sat fair and square at the bottom of the day's performance charts 13.7 per cent to FFr1,130 on with a decline on the AEX reports of a bearish sector

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HE WEEK'S CHANGES	Cap (
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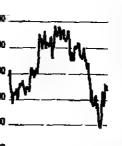
Royal Dutch, the local arm

Unilever and Akzo Nobel in two days from a heavy- both came off more than 5 weight kept a restraining per cent, slipping F16.10 to hand on European stock F1112 and F13.50 to F156.40

> session. Accor was the day's big faller, sliding FFr180 or te by a leading broker. Gemini came off

FFr741 following nd of broker downor SAP, the German leader. The Shell warning sent Total uitaine FFr21 at Alcatel, which fell 38 per

cent on Thursday following index of 27.96 or 2.8 per cent a profits warning, saw turnover of FFr6.7bn as a two-way tussle for sentiment Thursday, Shell announced developed. The shares ended that second-half earnings off FFr16 at FFr555 with a raft of broker downgrades partially offset by hopes for of the oil combine, fell F14.80 a company share buyback. or 5.1 per cent to F188.50 Pernod fell to FF1351 or Pernod fell to FFr351 on



posal had been overruled by the government, but rallied to close up FFr16.20 at

FRANKFURT closed little changed with the Xetra Dax off just 5.66 at 4,623.37 when electronic trading ended.

The insurance sector supplied upside drive, Munich Re added DM36 at DM718 and Allianz gained DM17-30 to DM512.60. Retailers, too. were in demand. Karstadt rose DM28 to DM810 and

ZURICH closed a volatile

day off 1 per cent with the SMI index falling 62.5 to banca, which is believed to earnings, rose SFr54 to with Paribas, one of BCl's SFr2,660. Banks were mixed. leading shareholders. CS Group, which had been battered on Russian fears, rallied SF16.50 to SF1193, SF7411.50.

Drug groups were hit by profit-taking on concerns about the lower dollar and its impact on the companies' earnings. Roche certificates fell SFr240 to SFr15,680 and Novartis lost SFr86 to

MILAN edged lower in neryous trading, and the Mibtel index closed down 46 or 0.2 per cent at 19,192,

Em, the most active issue of the day, fell L97 to L9,825 announcement, and declined Metro improved DM3.50 to L312 or 6.4 per cent to L4.543

per cent at 393,30.

sectors were actively bought

SINGAPORE ended off the

bottom with the Straits

Times index closing off 28.68

or 3.1 per cent lower at

912.74 after reaching down to

906.52. Volume was solid at

163m shares with losers beat

broker downgrade, shed a Banca Commerciale Italiana, can ties managed to record which rose L97 to L8,957, and some of their lesses. Banco Banca di Roma, which ral- Bilbao Vizenya, the moslied L41 to L2,723. Medio- active issue of the day, fell 6,342.7. Nestle, which be arranging the merger, tander declined Pra5 to reported higher interim was reported to have met Pta2.150. Telefonica was

BNL, which had gained ground recently on merger port programme, possibly hopes, lost ground to profit tax related, was to be while UBS lost SF72.50 to taking. The bank lost L329 or announced on Monday. 6.2 per cent to L5,006 as did Banco di Napoli, its pre- index, which is down more sumed merger partner, than 30 per cents from its which lost L121 to L2,129.

> losses thanks to a rebound 2278 33. in Latin America, and the general index closed down Written and edited by Jeffrey 2.72 or 0.4 per cent at 687. Stocks with Latin Americ Paul Gregary

FTSE Actuaries Share Indices

Pui50 to Pta5,120. ISTANBUL surged on th

The IMBK National-100

MADRID cut most of its 329.91 or 16.9 per cent to

September 18						
Millioni I. Reptoral Markets	Leu euco	Day o	charge posts	Held GTSI 4	12 AC	TOTAL TEXT
FTSE Euroton 300	1001.30	+1.33	-1.173	2.79	20.77	20,000
FTSE Eurobio 100	2344 57	-1 35	-3211	175	3413	779.78
FTSE Ebloc 190	842 36	-1 72	-11.77	83	94.79	254.00
PISE Exploy 300 Hogins Eurobice			11.00	2.44		1286.12
the contract of	1064 43	-1.11 -1.55	- 12 (£5 -35 (33	245	20 SA 29 32	34.76
Europe Ex-Estration	96, 59	-145	~14.50	117	4.00	1372.50
Europe Ex-UK	fried 22	-1.22	-13 (5	241	1377	10.90
FISE Eurolop Industry &	rein/a					
RESOURCES	821-05	-2 83	-23.94	355	25.61	854.75
Latactive industries.	717.94	-0.73	-5 30	188	664	:29 01
OF, Integrated	794.79	-787	- 24 43	3.47	1x 75	8.5 : 1
Oil Exploration & Pred	576 13	-840	-56.79	1.84	1113	550.17
REPERAL INDUSTRIES	92.152	-147	-1373	3 06	19 (3	94.7
Construction	877 50	-3 (M	-07.30	324	11 06	58265
Salding Mills & March	774 42	-2 32	- 13 42	3 7.1	975	790 13
Chemicals	792 68	-463	-4.75	135	16.47	336 77
Oversited Intentring	556.79	~UVA	-305	244	17.43	91167
Lincolnection	725 75 177 46	-1.41 -J 52	-10 40 -34 77	2.E 4.E	4 53	24 S
Paper, Polog & Printing	(236.02	-1.35	-955	7 76	1.7"	£ 40 39
CONSUMER GOODS	1047 13	-1.54	-17.48	1.77	15.57	157793
Automobiles	B25 42	-019	-1.53	317	70.75	877.72
Accholic Beverages	1775	-4 88	-39 67	2 52	6.42	777.55
Food Producers	001 75	-1.23	-10 39	198	9.13	839 77
martin town & low	(ME-37)	-4 85	-45 16	2.75	TC:	23: TC
Healthcase	604 63	+3.27	• 25 43	1.42	9 52	2:2 31
Pharmacoulogits Tabacco	955.71 1110.65	103	-997	1 36 4 54	4 51	960 41
		+0.29	+3 08		181	111274
SERVICE)	1067-05	-1.65	-1795	247	21 15	1055.21
Distribution	737 73	+2.31	+10.65	301	11 37	745 🕽
inner à mari	644.70	-542	-36 CT	3 83	12.07	620.19
Media Retailers, Food	938.22	-018	-6.50	2.48	965	947 16
Petalera, General	975.86 942.87	-0.57 -1.33	-562 -1275	306 365	11.3.7	367 77 958.74
Telecommunications	975.78	-1.51	-1594	201	1200	30.4 PH
Memories, Public II, Hess	684.28	-1.61	-1123	296	14.22	234 60
Support Services	646.10	-4.50	-39.65	1 77	684	852 CZ
Transport	883.77	-0.96	-8.75	277	15.00	896 92
Information Technology	890.89	-5.55	-52.29	D 48	533	882 72
SELTES.	1369.13	-0.27	+3.74	322	23.72	1443.23
Electricity	1030.10	+0.23	+2.39	140	38.23	105/ 61
Gas Distribution	1059.12	-0.32	-3.37	172	84 81	1156 65
Yhler	1000.92	+1 49	+15.87	4.73	38.73	115550
PHANCIALS	1053.92	-0.58	-8.11	321	36 45	1081 19
Ranks Retail	123.21	-0.77	-5.62	4 24	1253	7253
ineurance	628.11	-0.14	-1.17	1.57	11 45	831 78
Life (Alleriance Other Presciel	953 50 749 98	-0 66 -0 10	-8.26 -0.73	1 79 2 72	9.10 14.05	981.89 760 5 9
iovesiment Companies	749.99 B15.40	-5 17	-44.53	314	20 68	/60 SV 631.66
Property	763.03	-0.04	-0.29	3.54	18.01	766 A7

sector lost 2.3 per cent, as The overnight falls on cenis on hopes of a govern-The Nikkel 225 Average political debate over a finan-Wall Street and soft peso ment rescue, while United cial reform bill dragged on provided the trigger for prof-Engineers added 7 cents to

Tokyo lifted by strong bonds

ASIA PACIFIC Bargain-hunting plus strong

bonds, where yields fell to fresh record lows, sent shares in TOKYO higher, writes Alexandra Harney.

gained 133.98 or 0.9 per cent to 13,963.12 in moderate trad-

	% change
Maria,,	+8.6
Singapore	2.7+
Kuala Lumpur,	+6.5
Bangkok ,	
Sydney	+2.9
Taipel	+1.8
Tokyo	+0.4
Wellington	
Hong Kong	1.8
	-8.0

ing. Its range was 13,697,75 to 14,006.09. The Topix index was up 42.29 or 1.2 per cent of all first-section stocks improved 4.16 to 1,073.22.

shares, and the momentum was positive with 750 shares advancing against 400 declining. The yield on the bench-

mark 183 bond fell to 0.545 index. Turnover was 2.83 posite index up 6.75 or 1.8 per cent before recovering to close at 0.67 per cent, down 0.005 from the day before. Banking shares gained 0.5 investors unwound some of per cent, and the securities

in parliament. The discussion has centred on the use of public funds to rescue alling banks, including Long of a rights issue plan. Term Credit Bank of Japan. Shares in LTCB, which led

the market in volume, sank Y3 to Y19. Sakura Bank was up Y3 to Y250, and Fuji Bank improved Y13 to Y365. Sanwa Bank slipped Y13 to Y840. Nomura Securities was down Y41 to Y1,110. Among blue chips, Toyota Motor touched a year low of

Y2,700, but finished up Y70 at Y2,810. Hitachi (ell Y14 to Y556. NEC slid Y7 to Y884. Matsushita Electric was down Y66 to Y1,920. In Osaka, the OSE index

slipped 27 to 14,686. MANUA reversed the previous session steep gains, sliding 94.63 or 7.5 per cent to 1,174.61 on the composite

Thursday's 25 per cent gains. Ekran rose 5 cents to 97 it-taking in PLDT after its strong run on takeover hopes following the shelving

pesos. PLDT accounted for

60 per cent of business, fall-

ing 175 pesos to 840 pesos as

JAKARTA was hit by weak first-half results by tobacco group Sampoerna. and the composite index fell 13.80 or 4.8 per cent to 271.67. Sampoerna, which posted ing gainers by almost 5 to 1. an unexpected Rpl,800bn Rate-sensitive property loss, fell Rp150 or 6.6 par. cent to Rp2,125. Telkom, the

most actively traded stock, fell Rp125 or 7.5 per cent to Semen Gresik, the statecontrolled cement company.

rose Rp275 to Rp7.425 ahead of the government's postmarket announcement of the Cemex of Mexico.

SOUTH AFRICA

Shares in Johannesburg edged lower, taking the all share index down 34.6 at 4.844.4. Industrials lost 49.9 at

stocks saw heavy selling.

5,415.1 and golds fell 32.7 or Financials bounced off KUALA LUMPUR was sup- their lows after Thursday's ported by local retail bar- round of heavy selling, gain-hunting, with the com- adding 97.0 at 6,979.1.

Ande PLC 5.9% Criv Cure Non-Vig Red Pri E1 • 85 7 (155x46)

Details reises to those securities not included in the PT Store Information Services. The prices are those at which the bosiness was done in the 24 hours up to 5.15pm on Thersday, they are not in

Dateda of handrage done above below have been below with concept from fact Thursday's Stock

ander at expendion but in ascending order which denotes the day's biolest and lowest trades. For tripes accurities in which no business was recorded in Thursday's Official List, the least necessary business in the four previous days is given with the relevant date. The size of included deals are rounded to the neurost thousand and represented within perentiasem, where westable. # Burgains

Stocks Stocks 246 - 474 (158:00)

UK Treasury Strips

UK Treasury Strip or Decision of the Strip of the UK Treasury Strip or Decision of the Strip of the St

UK Treasury Strip 07-Jun2003Cpn - 77.778 (15Se98) UK Treasury Stelp 07Des2609Cpn - 76 (16Se98)

Corporation and County Stocks

Breatol (City of) 11 6% Red Stk 2008 - 139 (165696) Liverpool Corp 24% Red 5th (On or after) 1925 - 45% (165698) 1925 - 45's (165696) tewcastle Upon Tyne (City of) 11'% Red Sik 2017 - 156 (115696) Segnes Corp Sik (3'k%) - 56 (105696) UK Public Boards fores Lad 4% and Sik - 67% (105e98) | |etopolitan Weby 3%/A'Stk 63/2009 - 88% (165e98)

Foreign Stocks, Bonds etc- Coupons Payable in

LONGON

BAA PLC 6745 Onv Bds 2008 - 1174
(185469)

Bright Anways PLC 19745 Bds 150508 1
(Mar) (8) - 131,8228125 (105468 1

Bright Land Co PLC 6745, CM Bds 2007 2
(Mar) (8) - 2,113629 (185669), 119899
(165669)

(165-96) (165-97) PLC 5.76% Crv Bds 2007 C (Wr) (Bd) - 21.07605 (155-96) (167-97) (Bd) - 21.07605 (155-96) (167-97) (Bd) (Bd) - 134% (155-96) (Fest Active PLC 11.75% Sub Bds - 168 (155-96) (155-96) (183:98)
Great Portland Estates PLC 54% Crw Bds
2006 2 Aur - 974 (145:98)
Land Securities Frience (Jersey) Ld 5%
Ged Crw Bds 2007 (9) - 21.177667
1.80167, 182:667 (113:69)
Lloyds Bank PLC 74% Sub Bds 11/03/04 2
Abov. 106 (145:69)

(Var) - 104 (145698) Lonno Franco PLC 8% Ged Chy Bds 27(02/2006 21600 (Br) - 20,974222 (115e90) lensury Keyelone Inv Tet PLC 6.5% Bids 2023 E (Vest) (B.G. - 108% (165e90) 2023 E (Vest) (B.G. - 108% (165e90) Biddenal Westermaster Bank PLC 11% Und Sub Kts 21000 (Cre to Pri) - 155% 1486e901 L 1155e901 SID RIS FLOOR CONTROL (165693) 1 (1656933) 1 (165693) 1 (165693) 1 (165693) 1 (165693) 1 (165693) 1 (165693) 1

(14588) I North PLC (145 Sub CTV Bdn 2003 (Reg) - 101.2 2 2 (16589) United Norm & Mortle PLC (16589) United Norm & Mortle PLC (16589) (10589) Yorkshire Section (Group PLC (1758) 1770/20 17 (Reg) - 130.692(1675) (14586) Debt Issuance

Programmes

Sterling Issues by

Overseas Borrowers

Bank of Greece 10²/4 Ln Sk. 2010 (Reg) 124 (14Se36)
Denmark (Grogoom of) 1376 Ln Sk. 2005 140 (10Se36) uropean Investment Bank 9% Ln 90; 2001 (Figg) - 106% (165e05)

(Fleg) - 105% (168-065)
Burgoang Investment Bank 10%s. Ln Str. 2009
Burgoang Investment Bank 10%s. Ln Str. 2009
Burgoang Investment Bank 11% Ln Str. 2009
Burgoang Investment Bank 11% Ln Str. 2009
Exception Investment Bank 11% Ln Str. 2009
- (STr. (158-06)
Burgoang Investment Bank 10% Ln Str. 2009
- (STr. (158-06)
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(106-08)
Pertural (Flegstaffer of): 11%4 Ln Str. 2008
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Pertural (Flegstaffer of): 11%4 Ln Str. 2008
(106-08)
Pertural (Flegstaffer of): 11%4 Ln Str. 2016
(106-08)
(106-08)
Pertural (Flegstaffer of): 11%4 Ln Str. 2016
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Hydro-Quebet 1876. Lit set 2011 - 7.74 (105e89) high-American Development Benk 18°45. Lit 56: 2003 - 123°4 (105e89) hismantional Bank for Rec & Dev 8°45. Lit 86t 2010 (Fig. 1-12) 2 (105e89) hismantional Bank for Rec & Dev 8°45. Lit 86t 2010 (Fil. - 132 (105e89) hismational Bank for Rec & Dev 8°45. Lit 86t 2010 (Fil. - 132°4 (105e89) A (145e86) hismational Bank for Rec & Dev 71.576. Lit 58: 2013 - 122°4 (105e89) A (145e86) New Zostard 11°45. Str. 2008 (Fileg) - 138°4 (105e89)

Listed Companies (excluding investment

Abbay National PLC 10/4% Non-Curt Sag Pri Shis 21 - 184 (185689) Abbay National PLC 5% Non-Curt Sag Pri 21 - 136 (185689) 6 (18569) 575 (186696) 95 (185698) 575 (183e88) 177
ABF Investments 51th Uns Ln St. 87/2002
Stp. - 47th (103e88) 179
ABF Investments 71th Uns Ln St. 87/2002
Stp. - 47th (103e88) 180
Stp. - 48 (103e88) 180
Ogregoei Industries 2019
Ogregoei Industries 2019 Agontosis Industries PLC 11.25p Cum Red Pri 2005 10p - 132 (185e69) Agontosis Industries PLC 7.25p (Nat) Crv Cum Red Pri 25p - 106 (185e69) 8 7:484cmm

(165e86) 6 Abert Fisher Group PLC ADR (16:1) - 1.89 (165e86) [105e86] Alexon Broup PLC 5.25p (Net) Crv Cum Red Pri 10p - 97 (165e86) 7 (165e86) Allead Dozaco Financial Serve PLC 8/% Gal Crv Sub Bals 717/08 (2000 (Reg) - 100 (115e86) Allead Dozaco PLC ADR (111) - 8.0525 (155e88) 2 (155e88) 27472071.49971304 Allead Dozaco PLC 5/% Cum Pri 51 - 97 (145e86) R (165e86)

Alled Domeco P.C. 545 Cum Pri £1 - 118 (165e5) 2 (165e50) Alled Domeco P.C. 74% Cum Pri £1 - 118 (165e65) 22 (165e66) Oliod Domeco P.C. 546 Deb Sit 2018

147% (1686618) Alicat Zuitch PRG Ond 250 - 655 (2, 12) 6 (3) 60 (4, 2, 0, 2, 4, 2, 1) \$ (10) 1 (3, 3, 4, 3) 6 (1) .75 (0) 2 (3, 175, 5, 20, 8, 41, 1, 5, 3, 2, 7) 6 (5, 2, 3, 4, 12, 3, 2, 22) 3 (15, 3, 5,

Area PLC 8.5% Law Cutte receiving more Pri ET - 65 7 (155-149) Brist Januar-Line Lin Sin 2009 - 1579 (115-149) Brist Januar-Line Lin Sin 2009 - 1579 (115-149) Brist Januar-Line Lin Sin 59-2 (155-149) Brist Januar-Line Lin Sin 155-149 Brist Januar-Line Lin Sin 155-149 Brist Januar-Lin J

JA (8) Atlan Coron Ali Sar'A'SSSS - BK172-97 (168-668) 3.5 (168-668) 47 (168-668) Ayrahira Molai Produces PLG Ord 28p - 70

(24.)(98) BAA PLC ADR (1:1) - 9.77 (186608) GAA PLC ADM (1:1) - 9.77 (185eb8)
Balley (C.H.) PLC Ord 10p - 9 (185eb8)
Barrox Comercial Portugues SAA PTE:1000
(Plany) - 5220 (185eb8) 94.79 (185eb8)
Barrix of Ireland (Governor & Co of) PLC Non-burn PTATT & IT Uspidamino - 179 (185eb8) % (185eb8)
Barrixys Barrix PLC 12% Use Cap Ln Bit 2010 - 150 (185eb8)
Barcinys Barrix PLC 19% Unit Cap Ln Bit 202207 - 1111 (175eb81)
Barcinys Global kw Endorn Fot H. Ld Cret Faul She 1p - 102 (185eb8) 2 (185eb8) 4 (185eb8) 4 (185eb8) 4 (186eb8) 6 (185eb8) 4 (185eb8) 4 (186eb8) 6 (185eb8) 6 (185eb8) 4 (186eb8) 6

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Sass PLC 10% Cum Pri E1 - 150 (115mill)
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Sarings PLC 10% Cum Pri E1 - 150 (115mill)
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Sarings B-Y ASA *Ahat2.5 - 106 (145mill)
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(165a59) 30 (0) (165a59) 30 (0) SG PLC ADR (5.1) - 30.125 (115a66) SG PLC ADR (5.1) - 30.125 (115a66)

Biomogness Michalines Budding Soc Ship From in Busing Sto Frido - 1475 (105:e86) 4 (165:e88) Blue Circle Industries PLC ADS (144) SMRS Has PLC ADRI (1:1) - 4-56 illus Citate Mausense (11598) (11598) Blus Citate Industries PLC 5N-5 2nd Deb Sik 842209 - 100% (15598) 90C Group PLC 12*% Uns Lin Sik 2012/17 •

BOC Group PLC 12*th Use Le Six 2012/17*155 (185488)
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&FF Cam Ind Pref 2:1-143* (185498)
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British Petrolaum Co PLC 9% Gum 2nd Prf Cl - 126 (155-68) Ir Lines Gep PLC Ord 0.15p - 40 (100) 5 (40 7 /6, 25) 8 (1) 9 25, 3, 1) % (8, 15) 50 (0, 1, 2) 1 (155-68) 2 (9)

*(8, 15) 50 (0, 1, 2) 1 (105000) 2 British Styl Broadcasting Group PLC ADR (5.1) - 5.0375 (1) 365 (1) (1) (1, 4, 1, 3, 1, 12) 5.84446 (10) 585 (15, 11, 75) .6975 (2, 16) .75 (9) .775 (3) 7.8518 (165005) 25 (165005) British Steel PLC 111/4, Deb Stat 2016 - 157 (115005) British Steel PLC 111/4, Deb Stat 2016 - 157 (115005) British Steel PLC 111/4, Deb Stat 2016 - 157 (115005) .0622 (165696) Brixton Estate PLC 9.6% 1ol Mig Deb &B: 2026 - 147 (105696)

2026 - 147 (103e98) Brunef Holdings PLC 4.8p (Net) Cnv Cum Red Pri 20p - 58 (165e98) BTR PLC ADR (4*1) - 8 08 (168e84) 27 BIR PLC ADR (4*1) - 8 09 (168a04) 27 (168a66) 27 (168a66) 3 (168a6

ECRES (Martin PLC 6*45 2nd Ourn Pri £1 - 135'\ (165668) 6 (165686) Bultosr (HLP) Hidgs PLC 9'95' Cum Pri £1 -133 (165688) Burnah Castell PLC ADR (£1) - 31 AB (155e66) Cable & Wireless Communications PLC ADR

(6:1) - 30,125 (31) Cartury Schemotor PLC ADR (4:1) - 67.28 (1) 8.625 (4) Sammell Laird Hidge PLC New Ord Sp (Np -28/09/98) - 6 (10/Se96) Capital & Counties PLC 65/% Tet lifty Data Str.

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(163498) CGU PLC 89/4 Cum lind Pri E1 - 151 9 (185-68) 4 (185-68) 1 Coels Palining Society Pag Rise Perm int Beaning Ste. - 111 (16Se66) Coels Palinis Ld 64A: Uns Ln Str. 2002/07 -

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LONDON STOCK EXCHANGE - DEALINGS Extremised Insurance Office PLC 8.63P-Non-Cast Int Pd S1 - 142 (185400) 2 [165400] 2 (165400) Extreme Birth PLC Red Pri She Sp - 100²s (185400) 16Se98) Iosa Blinda PLC C/w FM Sive So - 100

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Burotumal P.L.Crisnohmel SA 1931 Wis (16
P.C. & 195A Wit to Sub Use) (Pag) - 23
(165-68) 2 (105-68)
Fetton Hotge P.L.C Ord Sp - 1624 (155-68)
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Fist Choice Holidays P.L.C New Ord 3p - 118

(2) Figh Rosson PLC 11 06% Own Pri E1 - 145 (165mm)
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(115:085) (11Se88)

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25) Income Securitors Ld Zero Dw Grai Pri (LDCIp - 107 (165696) %

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Housing Finance Corp Ld 5% Deb Sik 2027 - 221(165:68)
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(15Se#8) Ionica Group PLC ADR (2:1) - 1.1 (18969) Johnston Group PLC 10% Cum Pri 1:1 - 132

(115:e9)

(168e96)
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Sik 2: - 103 (168e96)
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PM C1 - 124 's (1356-6)

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C1000 (496) - 131 (155-98) E1000 (Regd) - 131 (16Se98) Witan Inv Co PLC 8 to Dec 54: 2016 -127 of (16Se98) Alternative Investment

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Ingeordi, Monts Ld 64th Cum Pri Sik Et -S0 (185460) Imperial Circentol Industria PLC ADP (kt1) -94-45 (13) A24 (1, 6) 68075 (1) 75 (10, 5, 0) 78 (8) A11239 (10) 5.488616 (5) A49616 (185460) A898167 (15) 5.28912 (185460) 825 (29) 825 (185460) 825 (185460) 636314 (165460) 75 (2) 6.825 Proble Famel P.C. ADR (17) (Cum Crw Pril) - 18.5 (105688) Proble Famel P.C. 88.2p Cum Crw Red P.f (Sterling Coupon) - 124 (115688) Premier Famel P.C. 81.35 Cum Cum Red Pref Sto 21 (USS Con) - 174 (115688) Premier P.C. Crd 5p (Rid - 01/08/08) - 215 (18568) 88 (18568) Dagen Oil PLC Wis to Sub for Ord (EPo.25 -3 (115658) Dunley Plantations Ld 8% Cust Pri E1 - 92 25 (2. 1, 6) Upton & Southern Heigs PLC Wis to Sub for Hadierd & Bingley Building Society Coll Pag Ris Nas (12/2003 E (First) - 1389 to (16/3427) (145000) East Surrey Hidgs PLC 7.8% Clan Ind Pri E1 - 1345 (145000)

For sale or let: Downbeat Royal Dutch/Shell gives the world a dose of reality big clock plus office block

Property Correspondent

The largest clock in London - twice the size of Westminster's Big Ben - may go on of letting them stay there sale at the end of next year, along with the 583,000 sq ft building it graces, as part of Shell's efforts to pare its Strand did not take such an shocks spreading around the

Shell-Mex House in the Strand, known equally for the art deco heads perched on its rear roof corners as for the courtesy it offers to London's homeless, is to be vacated by some 2,000 Shell employees by the end of next

The building was designed by architects Joseph and Co and opened in 1933 as one of London's first purpose-built office blocks.

"People thought it was a huge monstrosity then," a sentative said.

The building consists of a horseshoe-shaped front which for a time was turned into a hotel. A corridor leads to a more substantial building behind, overlooking the river Thames. The windows of its upper

floors enjoy sweeping views up and down the Thames from the City of London to

many of them teenagers, who seek the safety of its covered walkway for shelter at night. "We have a policy overnight," the company said noting that several other occupiers along the

approach. "They know they can be turned out." Shell sends a cleaner each morning to freshen the site.

It is expected that a number of staff will be relocated to Shell's international headquarters at Waterloo, south of the Thames, as well as to other Shell offices in Manchester and Aberdeen. The. building is not likely to be completely vacated until the end of 1999.

Shell will assess market conditions and decide whether it should be sold or leased. Shell is also selling headquarters buildings in Hamburg, Paris and Rotter-

Shell-Mex House was extensively refurbished about 10 years ago, and lowered ceilings and underground cabling suitable for modern office usage were installed. Its entrance along The sale of Shell-Mex the Strand is currently

Trading warning by energy group may be a shrewd way of lowering expectations in period of change, says Robert Corzine

ge to several key Shell

constituencies, including

investors, City analysts and

· To the outside world, it

served as a "reality check"

wildly from world events:

We felt we had to sound the

bell that things are not what

they seem," said a Shell

executive yesterday. "We

needed to put a marker

down that showed exactly

recent investor relations

effort had failed to "manage

shareholder expectations"

The company also acknowl-

edged that it was now

unlikely to meet one of its

main performance targets

set only last May - to raise

its return on average capital employed to between 12 and

12.5 per cent a year. It also

said it was considering writ-

Shell admitted that its

where we were.'

f all the world's great in marketing margins, industrial companies, according to Shell perhane none perhaps none is as well plugged-in to the global conomy as Royal Dutch/ Shell, the Anglo-Dutch energy group.

Thanks to the central role of oil, natural gas and petrochemical demand within individual economies and Shell's presence in more than 120 countries, it feels the tremors of economic

In August, Mark Moody come there at night and not Stuart, Shell's new chairman, warned that the Asian downturn was making itself felt in unexpected ways in many other markets. Yesterday's formal warning of deteriorating trading conditions suggests that process is accelerating, "Overall, we expect that the business environment in the second half of the year will be significantly worse than the first balf," said Mr Moody

> The company said the out-look for all of its main market segments was poor. Average crude oil prices are likely to be "considerably less than \$15 a barrel," compared with more than \$19 last year, while refining margins - which usually benefit from low crude prices - "are generally lower than in the second quarter." Conditions in the chemical industry are deteriorating while there is

little improvement expected

terday to put a positive spin It also warned that there it signalled the opening of a was little prospect for an early turnround in the crude new phase in the company's much publicised, but patchprice, the key component in oil company profitability. "We think that in the next

two to three years it could Advocates of change want to see Shell shed its reputastay depressed at levels between \$12 and \$16 per bartion as a plodding, bureaucratic and internally focused · But yesterday's statement giant in favour of a more was more than just a warnbottom-line oriented and commercially savvy coming of tough times ahead. It was also intended to send a

Executives also pointed to the fact that Mr Moody Stuart had demonstrated that he was willing to tackle head-on the powerful "country barons" of the UK, the some of whose forecasts France, by closing their were in danger of diverging respective national headquarters.

> countries have been among the most resistant to changes that would strip them of much of their power, as key activities ealigned along regional and business lines. Executives said such

> action also served as a signal to Shell's worldwide staff that .transformation was about to move beyond the "chat stage", and that no sacred cows would be spared

A less generous interpretation was that Shell was seeking a "quick fix" to a long-term failure to adjust to

industry. "Aside from the closures, what else is new?" asked John Toalster, oil analyst at London brokers SGS. Any write-down of assets would boost Shell's returns, but it would be at the expense of "acute corporate

Shell: no longer marking time

embarrassment," he said. Whatever interpretation one chooses to place on yesterday's statement, it was increasingly clear that slowing, and that efficiency gains were not materialising fast enough to maintain the

price premium against the rest of the oil sector.

Shell's share price mance this year has lagged well behind Exxon, its US arch-rival, even though the Anglo-Dutch group is much larger by most operational and financial measures The gloomy trading outlook faced by Shell may turn

alvst for substantive change within the group. Many industry observers have long doubted whether such a con-

would really embrace radical change unless it faced a cri-

Most company chairmen would probably cower before that Shell sees on the horigon. But it may be that Mr Moody Stuart may take advantage of the coming storm. An avid yachtsman he could relish the opportunity to use forces of the economic storm to speed the transformation of Shell. To do this he must make a supertanker perform like

Flemings downgraded

Standard & Poor's yesterday cut the credit ratings of Robert Fleming and revised its outlook for the privately from stable to negative. The agency said the downgradinternational markets, especially emerging markets.

S&P said the bank's Asian exposure through its Jardine Fleming venture with Jar-

Hong Kong-based trading group reported a 63 per cent decline in interim profits.

The agency said it was satimplement cost cuts. Its balance sheet remained sound ing reflected weakness in and its liquidity was comfortable. But profits would stav under pressure because of personnel costs and preparations for the euro and Year

came only a day after the from A to A- and from A-2 to A-1. The rating on Robert Fleming Capital's subordinated long-term debt was cut from A- to BBB+ and the ratings on the medium-term note programmes of Robert Fleming Capital and Robert Fleming Finance (Jersey)

 Moody's Investors Service changed its outlook for Banco Santander's Aa3 B financial strength rating counterparty credit ratings from stable to negative.

were also lowered.

paper producers in Europe. "There's some interesting consolidation going on in the sector. If the right opportunities come along we might consider further moves," he

This year, CVC, with Cinven, co-led the \$1.65bn (£1bn) around from being lossbuy-out of Kappa Packaging, making and burdened by

chairman of Jefferson Smurfit, said Condat had been identified as a non-core busigroup's relatively small market share in fine paper in Europe, However, it would take a 17 per cent stake in the enlarged group for FFr300m cash and appoint a

Mr McLain added that

Long-term and short-term

BUSINESSES FOR SALE

AND CIVIL UNIFORMS
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CVC buys Smurfit's French paper mill heavy debts, but we think at a price towards the top there is still attractive end of expectations, was a

The consolidation of the European paper industry took another step forward yesterday when CVC Capital Partners agreed to buy France's Condat paper mill from Jefferson Smurfit, the family-run Irish group, for FFr1.8bn (£180m) including

vate equity fund, is buying Smurfit Condat, a coated woodfree mill that produces fine paper, through Cartiere

maker it acquired last year. Hardy McLain, managing director of CVC, said the move would propel the merged company into the top five coated woodfree

CVC, Europe's largest pri-

the Dutch group. Michael Smurfit, executive

member to its board. "We have turned Condat

unside to come," he said. Smurfit's investment had helped bridge price differences during the negotiations, which were initiated

by CVC. Smurfit acquired Condat in 1994 with the purchase of Saint-Gobain's paper and packaging operations for FFrö.6bn. Last vear it made net profit of Ellm on sales of about IE155m.

what it promised, to sell non-core assets, even though been preferred to taking the 17 per cent stake." one said However, the shares which have been hadly hit by the downturn in US paper stocks and by Asia - fell 1¼p to 91p, against a year

good strategic move for

CVC was advised by BT

the sensitive early design §

The two companies have a market share of 40 per cent

the joint venture, but hope

to expand that to 50 per

stages of projects.

Racal and Thomson to form venture

Racal Radio, part of the UK's venture with France's Thomson-CSF to build military communications networks.

The move, announced yesterday, will enable Thomson to sell its expertise in the latest digital radio technology to foreign military buyers, particularly the British army. The companies said they had signed detailed heads of agreement but final details were still to be

resolved. There is little immediate demand for the technology in France because its army has recently bought a differ-

ent system. Brian Newman, an analyst at Henderson Crosthwaite. said the joint venture would put Racal and Thomson in pole position to win the British Army's (300m (\$495m) Bowman Local Area System contract to supply technol-ogy for local telecommunications and computer systems

Racal is already involved in the Bowman project, a



£1.5bn venture of which the secretary of state for LAS contract forms a part. Racal is one of the partners in Archer Communication

Systems, the company set up - France, which left Nato's to oversee the entire project. military command in 1966, Yesterday's announcement

defence, announced closer co-operation between the British and French armies. has recently been renewing

Each company will provide three directors to the six member board, but Thomson will ensure that at least one of its directors is a British national. That should

ensure the company will not

As well as selling products to international armies, the joint venture will seek to win the £150m project for the Theatre Wide Area Command Network for linking local area systems. The TWACN will represent the next stage of the Bowman

project. Thomson-CSF, 40 per cent owned by the French state. already employs 6,000 staff in the UK in a mixture of joint ventures and fullyowned companies.

Technology of the kind produced by the new com-pany will allow individual tank crews and soldiers to have access to video, text and voice messages in real time, in the same way the internet provides multime dia images to users.

Racal's shares closed up 2p at 357½p, while Thomson-CSF's shares closed down be barred from dealing with FFr7.1 at FFr198.9.

came as George Robertson, links with the alliance. Alchemy may bid for Allied Carpets

RESULTS

Alchemy, the aggressive venture capital group, is considering a bid for Allied Carpets, the retail chain which has seen its shares drop sharply following profit warnings and the discovery of accounting irregularities. Ray Nethercotf, Allied's chief executive, and Julian Lee, chairman, are understood be meeting next week with the 20-month old pri-

Bine Circle Lods ... 5 mm to Jun≥ 30 ★ 1,082

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Pantingon Inti Yr bo June 30 387
Scottlish Asten Yr to July 31 115,3

6 miles to June 30 ent 2 6 miles to June 30

vate equity group, which recently backed the buy-out to last night's close of 66p. of the decorating business, AG Stanley, from Boots. Neither Alchemy nor Allied would comment on the discussions. Allied would

bid and all were at a very early stage. The statement was forced by the stock exchange following a rise in the share

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(1,120)

(303.8) (9.44) (5.4)

(414) (344.1) (303.9)

4.97

only say it had been

approached by a number of

parties regarding a possible

Alchemy, which speci-alises in difficult deals such as taking companies private, has recently investment funds of some £250m for

international investors. However, because of its structure - where investors commit on a rolling 12month basis for on average about four years - its mancial muscle is equivalent to a been illegal, the shares tum-

71.4 4.6 2.2 9.1

52.5

Comings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. Watter exceptional credit. 10n increased careful.

(9.3) (5.6)

(10.8)

(0.2L) (32.7

(2) (0.54)

1.6 - (0.4L.)

3.35

1.75

- - 1.03

£1bn vehicle. This is higger than either Schroder Ventures or Anax.

It is understood that Alchemy approached Allied last week when the group's shares resumed trading after a six-week suspension over the accounting irregularities. Although an investigation revealed that the practise of booking carpet sales earlier than allowed under agement has said its finan- company policy had not

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Total had

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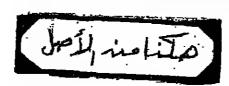
day they resumed trading. "From a valuation standpoint the market is being Allied Carpets." said one

analyst. Analysts said estimating a bid price for Allied could be difficult in the current market. One said: "I could make a case for 50p a share and for

NatWest sells subsidiaries

National Westminster Bank has sold NatWest Specialist Finance, NatWest Leasing Industries and NatWest Machinery Finance to Lloyds Leasing, part of Lloyds TSB, for £11.4m (\$18.6m) cash.

Lombard North Central, the NatWest finance-house arm, has sold its 75 per cent stake in Lombard NatWest Bank in Cyprus for C£20.55m (\$40m) to Alpha Credit Ban!





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Nest Bank again









Coca-Cola plans to repeat its FFr5bn bid for Orangina

tain conditions were met".

SOFT DRINKS PERNOD RICARD SAYS FRESH ATTEMPT BY US GROUP IS 'ONLY HYPOTHESIS' AFTER FRENCH GOVERNMENT'S VETO

vice-president, corporate Mr Strauss-Kahn said he not be distributed in CHRs per cent to 25 per cent of per cent of the market for communications at Pernod would allow the deal "if car- by Coca-Cola. But one observer close to

The ministry's veto fol- Coca-Cola said the company Dominique Strauss-Kahn, lowed intense negotiations and Mr Strauss-Kahn could finance minister, blocked the with Coca-Cola. Analysts not agree on how long this deal on Thursday night after familiar with the transaction restriction should apply. The tion was vetoed by the the French competition regu- said yesterday the two sides are also believed to French finance ministry on later ruled it would distort had disagreed on minor disagree over the definition competition in the market details only. Coca-Cola is of CHRs. Estimates of the petitors combined - accordbelieved to have addressed size of the CHR market - or ing to Euromonitor, the UK- said Pepsi would be "elimihotels and restaurants Mr Strauss-Kahn's main con- drinks "consumed outside based market research con-Delaitte, (CHRs). Earlier this week, cern, that Orangina should the home" - range from 15 sultant. Orangina controls 30 the transaction were to sions to trade unions to

total volumes. The remainder is sold in shops and supermarkets.

Coca-Cola is by far the leading soft drinks company than its three largest com-

non-cola fizzy drinks.

arch-rival, has opposed the in France, with a market tributes most of PepsiCo's share of 37.2 per cent - more products in CHRs in France. Charles Bouaziz, general

offered, unsuccessfully, to improve the terms of its

in December. Orangina dis- Ricard away from Coca-Cola. manager of PepsiCo France, gina's 1997 earnings, is viewed as high. Coca-Cola nated from the market" if has also made costly conces-

Under French law, Coca-Cola must make a new application to the finance ministry. However, this is likely to be faster the second time. Most of the eight months it took Mr Strauss-Kahn to reach this week's decision was taken up by the indetor's investigation, which

90-year

story at

end for

By Richard Tomkim In New York

US group

Chrysler's merger with

Daimler-Benz marks the end

of a story that began 90

years ago when Walter

P. Chrysler walked into the

Chicago Auto Show of 1908

There and then, Walter Chrysler invested his life

savings in a gleaming white

more importantly, he decided to enter the car

industry, and three years

later he was running Gen-

After success there, he

decided to go his own way,

and in 1922 became chair-

man of the eiling Maxell

Chalmers car company. Two

years later, he fulfilled his

dream of launching the first

car bearing the Chrysler

name: a six-cylinder, high

eral Motors' Buick plant.

and fell in love with cars.

loss of Y20bn

Coca-Cola, the US soft drinks Ricard, the French drinks

company, is to revive its group which owns Orangins.

By Alexandra Harney in Tokyo

By Samer Iskandar iz Paris

FFr5bn (\$887m) bid for Oran-

gina, the French beverage

company, after the transac-

This is the only bypothe-

sis we are working on," said

NEC, Japan's biggest maker of semiconductors, yesterday warned that the collapse in the global chip market would result in a half-year loss of Y20bn (\$151m) - its heaviest ever. The group announced a big restructuring as a result, simed at restoring profitability.

The announcement - the latest in a series of profit warnings and plant closures groups in recent weeks -will add to concerns about the impact of the slump on the chip market on Japan's electronics industry.

Earlier this month Pujitsu closed a chip plant in the UK, while Mitsubishi Electric, another leading memory-chip maker, mothballed a US factory. Hitachi, Japan's largest electronics company. warned it would report its first loss in more than 50 years in the year to next March, and said it would merge two semiconductor units in the US. Toshiba, the second largest, said it would incur its first interim parent loss in 48 years.

NEC was the only leading chip manufacturer that had not announced an overbaul of its semiconductor operations. The group said yesterday that the collapse in memory-chip prices and lower sales of personal com-

ø 132.77

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Norway (37) Philippines (22) Portugal (18)....

LISA (622) ..

Euro-Pacific (160

products had contributed to the forecast loss, which compares with a Y35.7bn profit last year. It will be the first time in five years that the company has fallen into the red at the halfway stage.

for noft drinks sold in cases,

Sales were expected to be down 7 per cent in the first half to Y2,200bn. Last year, the group recorded profits of Y41.3bn after taxes, on Y4,901bn in turnover.

NEC group said it would eliminate 6,000 jobs, or 5 per by Japanese electronics cent of the domestic workforce, over the next three years to return to the black. The cuts would be achieved by natural attrition and a reduction in hiring, it said.

The company pledged to restructure its loss-making memory-chip business in the hope of returning to profitability in the full year. In the half to September, the electronic device arm, which includes semiconductors, is expected to record operating losses of Y2bn, compared with profits of Y50.8bn in the same period the year before.

The group plans to consolidate semiconductor assembly and manufacturing in Singapore and to focus its logic chips business in Malaysia. In Europe, NEC will consolidate semiconductor operations in Scotland, and

after the market's close. Shares in NEC fell Y7, or

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NEC forecasts DaimlerChrysler deal in final stages

When Jürgen Schrempp opened the door into Bob Raton's office on January 12, he little imagined a short sentence would trigger one of the world's biggest corporival to re-examine its Strategy.

that Daimler-Benz and Chrysler, the smallest of America's "Big Three" carmakers, should consider joining forces started four months of secret meetings executives, bankers, lawyers and accountants until the deal was announced on

ished public was followed by another four months of detailed corporate detective work as expanded teams of managers from each company, supplemented by cohorts of specialists, grappled with the modalities transaction.

in approving the deal, Daimler-Benz and Chrysler shareholders will have sealed the process. Assuming all goes to plan, the new DaimlerChrysler group should be formally constituted by early Top executives from both

sides were convinced about the deal from the outset. However, detailed tax, legal less than 1 per cent, to Y884. I remained serious obstacles company, rather than hav-

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of the ground-breaking in the first four-month ing its legal base in the US was a close run thing at the period, when discussions were additionally complicated by the need for

One knotty problem not resolved until April, for example, was what legal form the amalgamated group should take. Only after meticulous examination of US and German company group would have to be a German-registered Aktiengeand accountancy issues sellschaft, or joint stock

or some fiscally advantaged Time. neutral location such as the Netherlands Antilles or Cayman Islands. Eventually, all the techni-

While the US side pressed

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51.31 95.87 48.94 90.87 231.08 374.84 28.82 342.34 102.42 105.98 24.88 101.41 299.04 291.35 25.51 98.92 392.22 102.45 309.22 392.97 345.20 151.55 100.00 393.50 417.73 286.28 261.17 542.94 628.19 439.86 507.91 331.56 439.68 301.11 308.83 15.22 45.52 8.15 30.76 395.09 401.84 314.32 315.27 426.28 465.88 353.31 383.30

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beadline writers, but it

problems only emerged on the last lap, when Mr uled for September 18, which Schrempp and Mr Eaton, would give the deal the joined now by some senior colleagues, tried to agree on

for Chrysler-Daimler, the Germans wanted Daimler-

History was heavy in the

Stuttgart air yesterday, if

Jürgen Schrempp was to be believed.

history," the gravelly-voiced

chairman of Daimler-Benz

told the 16,000-strong army

of shareholders who had

trooped to the southern Ger-

man city to celebrate their

company's merger with

They came dressed for the

occasion: the men well-heeled and ladies in

pretty frocks, pearls and furs, as worthy of Ascot as

of the cavernous Hanns-Mar-

tin-Schleyer Hall in indus-

trial Stuttgart.
They paraded in, past

flickering television moni-

tors with talking heads

declaring the glories of one

of the world's largest indus-

trial link-ups as classical music intoned the heavy

eriousness of the occasion.

As Mr Schrempp, flanked by the great and good of the

Chrysler.

"Today you are writing

announced in May, the clock of secrecy could at least be lifted. The onus now shifted cal issues were overcome. to preparing the ground for But one of the thorniest the meetings of shareholders of the two companies, schedwould give the deal the definitive go-ahead. That required long hours

on devising a strategy to inform shareholders and prepare stockmarkets for the impending change to the two Benz Chrysler - a mouthful companies. An important how much executives at their partners would not step came in early August. Chrysler - their pay boosted accept. The solution, when Chrysler and Daimler-DaimlerChrysler, may Benz filed essential docualready seem familiar to ments setting out the impact industry's biggest merger in

Germans cheer twin set

German corporate establish-

ment, launched into talk of

"synergies" and "economies

of scale", enthusiastic

"We are giving a clear 'yes' to this merger."

declared one shareholder ris-

"This fusion of mammoths is fantastic," said Rudolf

Eisermann, another con-

tended shareholder from

display of shareholder

power, investors trooped to

the podium to heap praise on

However, others raised

worries about job cuts and

what they saw as "a looming

Americanisation" of their

ues? I cannot understand

why Daimler-Benz could not

"What about German val-

in the peculiarly German

applause echoed back.

ing to his feet.

nearby Heidelberg.

Mr Schrempp.

beloved company.

Pearls come out as

Chrysler's proxy statements, sent first to the Secumission for approval. emerged a few days ahead of the "merger report" the German company was required

under domestic law. Each copious document. running to hundreds of pages, set out important targets for future sales and earnings. The filings also deal would be implemented and, for the curious, about by hicrative stock options stood to gain from the motor and torsion-bar suspension.

cockpit?" asked one out-

raged shareholder, decked

out in Bayarian dress with a

huge feather in his hat.

black smoke. There are

going to be high losses

Mr Schrempp replied: "You

can't stop the wind, but you

he cried.

There is indeed, and it's

nifty 50mph. in 1925, he put his name on the company as well as to send to its shareholders the car, and it quickly became a force to be reckoned with. By 1926 it was already the 7th biggest US car maker and in 1928, with

the acquisition of Dodge, it shot into third place. Walter Chrysler built the company on a reputation for Among the company's many innovations were automatic spark control, the oil filter

In 1934 the company launched the Airflow, a streamlined car that was one of the most radical designs in US automotive history. Although sales of this model were to prove disappointing, the decade saw Chrysler overtake Ford to become the

second biggest auto maker. legacies of that era is the art deca Chrysler Building in New York City, which opened as the company's

headquarters in 1930. When Walter Chrysler died in 1940, the company was never the same. Through most of the 1970s it

then set about slashing costs and boosting sales of the company's unremarkable

can build windmills." dragged, shareholders left for free sausages, beer and cakes. Crowds gathered around the shiny Mercedes-Benzes and Chrysler Jeeps on display outside. "This is an experiment."

continue to exist alone," said one shareholder. Another said Peter, a retired busiinsisted that German be the nessman from Stuttgart. corporate language of Daimsucking on a sausage. "No-"Is there smoke in the we should try anyway."

everywhere. Daimler and Chrysler are too different!" made heavy losses, and by the time Lee lacocca, the for-There was an outcry about mer Ford president, joined in executive pay - since Daim-1978, it was close to collapse. Mr lacocca talked the fedler's salaries are expected to rise to Chrysler's levels. This eral government into extendhas ruffled feathers in egaliing \$1.5bn in ioan guaran tarian Germany, fearful of tees to save the company, the effects of globalisation.

> vehicles by appealing to Eventually, the made in-America pitch wore thin and

sales went back into decline. Mr lacocca was eased out in 1992 and Robert Eaton took over, turning the company around again. But as the only big US car maker without a global spread, it was only a matter of time before

it to buy as many AMP

Its tender offer for 18 per

AMP said vesterday it had

also taken steps to see off

AlliedSignal's proposal to

remove all powers that

AMP's board has over the

In a vote on October 15.

poison pill.

Schneider aided by AMP criticised on drop in expenses

The success of cost containment programmes and a reduction in financial expenses helped Schneider, the French electrical equipment maker, to a 30 per cent advance in first-half profits.

The figures were rushed out late on Thursday after the company's shares lost more than 12 per cent in the industrial and telecommunicatious stocks which followed a profit warning by Alcatel, the French telecoms

equipment group. But the performance was not enough to prevent a further fall in the shares, which yesterday closed down PFr12.90, or 4.5 per cent, in Paris at FFr275.10 - a decline which comfortably EdF, the French electrical outstripped that of the

benchmark CAC 40 index. Net attributable profit rose

cent to FFr24.8bn. Operating income rose 26 per cent to FFr2.7bn. Cash flow from operations reached FFr2.3bn. The company forecast that

full-year sales should increase 6 per cent, excluding currency impact, with consolidated net income after amortisation of goodwill rising about 20 per cent. It said it planned to launch stampede to sell European a share buy-back programme

of up to 5 per cent of its share capital, "in order to limit the potentially dilutive effect of convertible bonds currently outstanding". In France, the company

said, sales of products rose 5 per cent, underscoring a sharp rebound in demand. "However, the drop in sales of equipment, notably to power authority, has resulted in a slight decrease in overall sales in Schneider's home market."

poison pill move

shares as possible without criticised the latest move by triggering the pill. AMP, the US electrical and In morning trading, AMP's electronic connectors group. share price fell \$# to \$40%. to see off a \$9.8bn bid by AlliedSignal's fell \$% to AlliedSignal, the diversified manufacturer. cent of AMP is at \$44.50 a

AMP announced it had changed the terms of its poison pill to head off AlliedStenal's tender offer for 18 per cent of AMP's shares.

The so-called "shareholder rights plan" will now be trig-

gered if one shareholder owns more than 10 per cent of AMP's shares.

Signal said it had amended

AlliedSignal wants AMP "I think it is wrong," said shareholders to hand the power to a new body called Eric Longmire, director of the Rights Agreement Manresearch at Wyser-Pratt, a aging Agents. New York investment firm. "In essence, this is the ulti-AMP said yesterday it had mate doomsday machine." Earlier this week Allied-

amended the rules of its poison pill to ensure this would not be possible. AlliedSignal yesterday

its original tender offer for 100 per cent of AMP and morning failed to return

FTSE GOLD MINES INDEX ures, Futures & Option 0171 ng Regional Indices 283 1002.32 +1,9 1002.29 1206.73 1003.25 +0.6 1033.54 1433.66 933.66 +5.3 806.04 1338.66 40,58 1525.20 765.63 7.17 1809.65 815.00 54,69 1574.18 847.00 Alata (9) Austrālija (2) Austrālija (11) 430 3.07 0.73 BERKELEY FUTURES LIMITED 38 DOVER STREET, LONDON WIX SRE TEL: 0171 629 1133 EAX: 0171 495 0022 Situations not vacant. Appointments Amouncements in the FT. For more information on advertising opportunities piesse call: Teb -44 171 873 4015 Fax: -44 171 873 4331 Ty Cayman Financial Brokerage House Tet +1 345 945 3160 www.clbh.com. Fac +1 345 946 1199 A HES GLOBAL OFFSHORE IRADING



COMPANIES ET MARKETS

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Weekend September 19/September 20 1998

Cathay ready to join Chrysler investors BA-American alliance vote for

Hong Kong carrier's inclusion to strengthen partnership

By Michael Skapinker, Aerospace Correspondent

Cathay Pacific, the Hong Kong-based carrier, is expected to join British Airways and American Airlines in their planned worldwide alliance.

The inclusion of Cathay, likely to be announced on Monday, will strengthen BA and American in their battle against the six-airline Star Alliance, headed by United Airlines of the US and Lufthansa of Germany.

The BA-American partnership, yet to receive regulatory approval from the US and the UK, is also expected to include Quntas of Australia, Japan Airlines and Iberia, the Spanish carrier.

Airlines have been scrambling to form worldwide alliances because they say corporate travellers want to buy tickets to any destination from a single source. Carriers wanting to combine route networks to meet this demand usually cannot merge or make acquisi-

tions because of restrictions on foreign ownership of airlines in most countries.

In addition to the Star Alliance, KLM of the Netherlands and Northwest Airlines of the US have a long-standing pertnership and Delta Airlines of the US has a tie-up with Swissair, Austrian Airlines and Sabena of Belgium.

The planned strengthening of the BA-American alliance comes only days after six US carriers launched a fierce attack on the planned tie-up. In a letter to Rodney Slater, the US transportation secretary, the airlines said Washington's approach to the alliance would test the "integrity and credibility" of the US's

competition policy.

The six airlines - Continental, Delta, Tower Air, TWA,
United and US Airways - said
the US government should
reject BA and American
demands for payments for
take-off and landing slots they
give up at London's Gatwick

The European Commission said earlier this year that the BA-American partnership should be allowed to go shead only if the airlines relinquish. 267 weekly slots. Brussels says the sale of slots is illegal and that BA and American must

The US airlines said Mr Stater should "obtain absolute guarantees, in writing", from the UK government that a sufficient number of slots, at competitive times, be made available to other airlines at Heathrow from the first day of

give them up for free to rival

the alliance.

The UK Office of Fair Trading said earlier this year that European Union law was ambiguous and that Peter Mandelson, trade and industry secretary, should over-rule Brussels and allow BA and American to receive money for

Both Mr Mandelson and the US government are expected to announce their decisions later

French regulator to probe collapse in Alcatel shares

By David Owen in Paris and William Lewis in New York

The Commission des Opérations de Bourse, the French stock market watchdog, yesterday launched an inquiry into this week's collapse of shares in Alcatel, the telecommunications equipment group.

ment group.

Meanwhile, Serge Tchuruk, chairman of the group, which is battling to restore investor confidence shattered by an unexpected profit warning, announced a decision to recommend a "significant" share buy-back programme to the company's board in an effort to shore up the shares.

But the proposal – which he did not detail – had only a limited effect on the market, with the shares sliding a further FFr16, or 2.8 per cent, to FFr555 yesterday after a 38 per cent fall on Thursday.

Traders focused on worries about a potential lawsuit by

Companies in this issue

23, 24 22

17

17

Japan Airin

LTCB

Luithans

former shareholders of DSC Communications, the US telecommunications equipment company acquired by Alcatel this year in a stock-for-stock transaction that originally valued DSC at more than \$4bn.

Any lawsuit would allege

Any lawsuit would allege Alcatel knew about the revised profit forecast when the deal was finalised on September 7. Mr Tchuruk denied this, telling fund managers in London yesterday that Alcatel's management council only learnt of the downturn on September 8.

"That was the first inkling that something unexpected was happening," he said. "This is perhaps a late realisation but that is how it came out."

Wall Street analysis, highly critical of the Franch company's management, said they expected US shareholders to begin legal proceedings against it in spite of Mr Tchuruk's comments.

Mr Tchuruk said he wa

Orangin

Owntes RMC

1, 24

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Tostilba

1, 24

24

23

Royal Dutch/Shall

ders of DSC Thursday's announcement, but the US telesequipment in "the strategic plan we have d by Alcatel been successfully implementtock-for-stock ing for three years".

with Goldman Sachs in London, said investor confidence in management — "previously a hallmark of the stock" — had been "virtually shattered", adding he was "hopeful that the sharp stock reaction will lead to more . . . open communications from the company, with what will surely be a more acceptical investor base".

Richard Kramer, an analys

Alcatel said on Thursday its performance had been hit by an abrupt investment slow-down at some traditional telecoms operators and the deepening crisis in Russia and Asia. As a result, operating income from telecommunications "should increase from 1997 but not at the level expected by the market".

Can law

Chrysler's investors vote for Daimler merger

By Haig Simenties in Loudon and Graham Bowley in Statigart

Shareholders in Chrysler, the smallest of America's "Big Three" carmakars, yesterday gave overwhelming approval for their company's merger with Daimler-Benz of Germany, removing the biggest barrier to creating a new transatlantic force in the motor industry.

The merger will create a car-

maker with production of four million vehicles a year. Apart from the Mercedes-Benz car and commercial vehicle brand, the group will include the Chrysler and Jeep sports utility marques. With 431,000 employees, DaimlerChrysler, which will also have activities in aerospace, services and rail systems, will have sales of DM260bn (3143.6bn) and fore-

cast profits of \$4.5bn.

Almost 98 per cent of share-holders backed the deal, announced in May, at a special

two-hour meeting in Delaware.

Daimler-Beam macritives last night said they were confident more than 90 per cent of the German group's shareholders would approve the merger. About 80 per cent of the shares are held by institutions, which have given strong backing.

A meeting in Stuttgart,

A meeting in Stuttgart, attended by about 16,000 Daimler-Bens shareholders, lasted well into the evening after hours of tortuous questioning of the board.

By contrast, about 200 shareholders turned up to the Delaware city centre hotel where Bob Eaton, Chrysler's chairman, said he expected the deal to be closed by the middle of November. Trading in the new DaimlerChrysler stock would start soon after shares in the two existing companies were exchanged.

Unveiling figures for the first eight months of this year, Daimier-Benz raised turnover by 20 per cent to DM90.9bn. Car sales rose to 573.600 units, while commercial vehicles climbed to 311,600.

© General Motors of the US in

of September 17.

lliamric decision, Page 23

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Weather

Europe today

High pressure will bring a fine
day to central and north-wester
Europe. Further east, rain will
stretch southwards from western
Russia towards south-eastern
Europe. Greece and the
eastern Balkans can expect
thunderstorms as cooler str
advances from the north-west.
Any thundery showers across
the Costa del Sol will clear

during the marning

Ą.

Five-day forecast

Greece and the Salicars will
remain unsettled with cool
north-easterly winds bringing
showers or thunderstorms,
spreading west towards southern
tay by Monday. Further
thundery disturbances will
develop off the north African
coast, threatening western
Mediterranean resorts. Central,
northern and western Europe will
stay warm and sunny.



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THE LEX COLUMN

Crushed crustacean

Profits warnings on cor days from Europe's bluest of blue-chips - Royal Dutch/Shell and Alcatel - show the shocking turbulence of current markets. However, that even the giant crustacean expects to crack under the pressure of difficult trading conditions has a silver lining. The decision to close costly national head offices across Europe shows external crises can be useful catalysts for forcing through long overdue internal changes. Blasting away the national baronies clinging limpet-like to Shall's collegiate and decentralised structure should allow significant, if currently unquantified, cost savings. It is a shame, though, that while Exxon used the 1966 oil price alump and BP its financial trouble in the early 1990s to restructure, Shell is only just getting going.

Indeed, with Shell's shares lagging, Exxon's by around a third since the stort of the year - reflecting its 12 per cent return on capital employed against its rival's 16 per cent - there is no time to be lost.

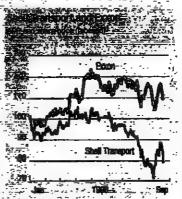
With BP Amoco joining oil's superleague, superior returns based on scale economies cannot be guaranteed for ever as the competitive landscape changes. For that reason, it is essential Shell does not relax its commitment to 15 per cent returns on capital employed by 2001. True, this will be difficult with the oilprice espected to range from \$12.\$16 per harrel in the next 2-3 years compared with \$18 when these targets

But if Shell is to emerge truly strengthened from its current troubles, this goal should be regarded as a bare minimum.

LTCS

The compromise hammered out over LTCB and Japanese bank reform has the whiff of expediency, it protects prime minister Obuchi's dignity ahead of his meeting next week with President Clinton. Still, it would be wrong to diminish its significance; important benchmarks for a clean-up of Japan's banks have been established. In particular, there will be no publicly funded bailouts without transparency.

The government is also not afraid of resorting to nationalisation, as it has done with LTCB. The expectation must be that others will follow. Stripped of their equity reserves by a falling Nikkai, and with recession inflating bad debts, they cannot recover of their own accord. Some,



like Sakura and Fuji, have sought capital infusions from their keirutsu partners. Others — and the larger city and regional banks are almost certainly too large to fail — will be forced to accept public funds and the attendant accountability.

While taxpayers will be unable to escape a large bailout tab, shareholders will also suffer. Some, as with LTCB, are likely to see their investment disappear completely. Many others will have to suffer capital

reductions.

Hopefully, the LTCB example will galvanise other bank managements to embrace restructuring more proactively. If not, falling share prices will do the trick soon enough. One snag is that shrinking the bank sector will be unavoidably deflationary – hardly what Japan needs. But at least the government's involvement should reduce fears of systemic

UK earnings

The return from summer holidays has been dismal for UK equity investors. Few sectors have been unaffected by emerging market crises, the high pound and slower UK growth. At the end of August, a conservative estimate of 1998 profits growth was a per cent. Now equity strategists are veering towards zero. The news flow is wearing down

any residual hopes for 1988. Royal Dutch/Shell yesterday joined a swelling list of warners that includes Bass (pubs), RMC (building materials) and Next (shopping). The relatively diverse nature of companies succumbing to downgrades in profit forecasts is a feature of the latest phase in the gloom cycle. Early weakeners – industrial companies lift by high interest rates – have been joined by banks, via their

emerging market exposure, and general insurers with rising underwriting losses. In share price terms, only classically defensive sectors - food, drugs and utilities - and indomitable growth stocks, such as IT, telecoms and life assurance, are up on a

For next year, forecasts that earnings growth will recover to about 5 per cent look optimistic. Growth in the UK economy is forecast to slow to little more than 1 per cent, with unemployment rising by up to 500,000. Yet there are some straws of comfort. The pound has fallen to DM2.84, interest rates may be down one percentage point by the spring and corporation tax will be cut. Rising unemployment and a slackening of wage rises should eventually lessen the pressure on profit margins. But, given the likely bad news flow, the market may well get worse before it gets better.

Securicor

The most incongruous of next Monday's new batch of FTSE 100 entrants is Securicor. The company's performance in its managed services usinesses is second-rate compared with a high-flyer like Hays. The same goes for Cellnet, the mobile communications group of which it owns 40 per cent - but does not manage. Since it was established. instre chief executives. As a result, it has been beaten at every turn by rival Vodafone. Nevertheless, such is investors' love affair with mobile stocks that even a minority stake in an also-ran has qualified Securicor for FTSE 100 membership.

As ever, the case for investing in Securicor is hope that Cellnet will finally get its act together and/or that British Telecommunications, which owns the remaining 60 per cent, will buy out the minority. The potential upside is considerable. Backing out the value of Securicor's managed business, the current £2.8bn market capitalisation is implicitly valuing Cellnet at 25.5bn-28bn. True, it can no longer aspire to catch up Vodafone, whose UK bustness is worth about £12bn-£13bn. But the £8.2bn enterprise value of Orange, which started roughly a decade after Cellnet, is an achievable target. With BT finally paying attention to its stake and the latest new chief executive installed, there seems a fair chance that it will pull

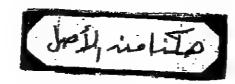


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Ironic? Moi?

'Norman Mailer's response to the suggestion that he was violent was to headbutt the smarmy faggot'

صكنا من الاعل

Polish paradise

'Everything - from fungi to lynx to bison – that requires a forest habitat is to be found in this fairy tale wildwood'

Page XVI



'As far as Saks Fifth Avenue is concerned, everything British has a

The British from Chaucer to Tony Blair have always loved Tuscany. And the style is still there, but without the snobbery, says John Lloyd

WEEKEND

SEPTEMBER 19 / SEPTEMBER 20 1998

British know how summer's lease, without our national dramatist reminding us. We are mostly back now, the tan flaking, drinking the duty-free wine

For a large number of British, and especially the south-eastern middle class, summer was partly leased out to Tuscany. The prime minister et the tone for the second year of his rule. In August he stayed in the villa of the entine noble family whose roots are medieval and whose pride is large enough to volunteer their country house - which they moved out of to make way for the Blairs - as a British premier's residence.

As he returns, one of national diversions, the Duchess of York, better known as Fergle, is linked with Count Gaddo della Gherardesca (whose roots are medieval, pride and wealth etc), his estranged wife having said, charmingly, that she would be as happy to leave his life to make way for Fergie as were the Gucciardini-Strozzia for the Blairs.

. If a marriage takes place, Rergie will see more of her former brother-in-law, for Prince Charles esteems Flornce as his favourite city, and goes there sometimes to stay with the Frescobaldis, hose matriarch, Bona de rescobaldi, still dominates Florentine society.

How could the British ruling classes - by birth, marpiage or election - fail to love such a people? Yet this s only the contemporary ttenuation of a terribly long itory: the British infatuation with Tuscany.

it has been shared by the literary world and the bourrecisie, who have backbitten and mallened each other in Riorence's pensions and alleys for centuries. It has created a state of mind, a romantic passion transmitted down the generations and still alive. It is a combound of admiration, contempt, languor, yearning, appreciation of Tuscan culsine and Chianti.

'It is also sexuality, the erotic displayed in the statues in the piazzas, parks and galleries for centuries. D.H. Lawrence wrote Lady Chatterley's Lover just outside Florence and set Auron's Rod largely in the city. Aldous Huxley, who met

Lawrence there, said of it at a low moment in his stay in 1926 that it was "a third-rate provincial town, colonised by English sodomites and middle-aged lesbians". He set his Time Must Have a Stop also largely in Florence, though, as the critic and Puscano-phile Francis King observed: "Like so many expatriate novels set there, it contains virtually no Italian characters who are not uristocrais or menials."

King's remark betrays how the British used to apprehend Tuscany, looking for their equals or betters in extraordinary nobility (the wars, many of the English Club of the Nobility still were pro-Fascist, supporting elevated tutorial, ladies with

maintains itself, in heavy, exclusive splendour, in the centre of Florence), while employing its "mental" clas-

fied that "his sympathies were on the right side of the great question" (of the an exception to the anglophilia which was, and is, the common posture in Tuscany. especially in the mutual admiration of the Tuscan and British aristocracy, who contemplate each other's wealth, grandeur and tradi-

Thomas - whose family had to be kept from starvation by handouts from the British

consul in the 1950s. That consul's daughter, Jennifer Manco, lives there still and teaches at the university. She remembers the chaotic, indigent Thomases as being at once vivid and rather shameful to the British community - though this was a community which "had been terribly insular and self-regarding in the 19th century; the Victorian families who came here insisted on English everything - clothes, books, tea its once brilliant and still and customs. Between the

ley, Byron, Dickens, the Brownings, George Eliot, Trollope, Ruskin, Arnold, as well as Dumas, Stendhal, Cooper, Longfellow and Dostoyevsky (who, hating everything not Russian, insulted a shout it, the Brownings most cation of the sheer age of the place, functioning as a city were mere settlements of

It became, as the haughty English manners of the 18th century gave way to a more anxious and egalitarian propriety in the 19th, a kind of

II-IV

XVIII

XIV-XVI

Duomo, the Palazzo Vecchio and the Palazzo Pitti, the churches and the museums checking in to the reading rooms of the British consulate and catching up on the news, which meant the Brit-

ish news. Today, it is easy to see that the great line of Anglo-Florentine society - when the English were so numerous that any foreigner was called "Ingless" - is past. The hattleaxes of whatever sex are gone; the literary

lions roar elsewhere. The great arbiter of cultural life in Florence, the

'Italy is actually quite hard to know; it is a country held together by appearances'

Englishman Harold (Lord) Acton, died recently. His magnificent estate has now been taken over by New York University which -Florentines love to relate was shocked by a hugely politically incorrect statue of a naked "blackamoor", or black slave boy, and banished it from the villa,

But merely to regret the passing of the Tuscan-British relationship is to do it a disservice. It lives: in some ways it is in ruder health than ever. It was Mortimer who coined the phrase zadria (sharecropping) sys-"Chiantishire" to describe the invasion of that winegrowing region by the Brits. Like all good phrases, it distorts as much as it

ity, one which Bernardo Bertolucci sought to capture in his 1996 film Lo Ballo da Sole (Stealing Beauty) set in the house of an English couple who have a series of friends

Spender and Mora Gorky, who have passed most of their married life in a Chianti farmhouse which they have made into a home and studio of great beauty, surrounded by his sculptures and her paintings. "Bertolucci (a friend) wanted to say something about foreigners here: I don't know how far he succeeded," says Spender. "I was quite upset; it showed us as so messy!" says Gorky. "We do a great deal of work,

keep the house."

Harris are also raising a famfrom Milan or the Veneto."

that kind of "foreigner". even later."

The system of mezzadria

took half of the land's prochurches, of good food and duce and gave half to the Thus the tradition continowner. The squeezing out of these tenant farmers from their often comfortless farms

benefited not just the foreigners (or "foreigners") but also the great wine growers of Chianti. These are led by the Frescobaldis and the Antinoris, old families which have survived and prospered by doing what the Strozzis' grew. Rocca is the kind of Summer guest constantly recommends - modernising.

This week, for example the Marchese de Frescobaldi issued an innovative, interest-bearing bond which allows holders to buy wins at wholesale prices and is expected to raise L20bn (£6.8m) to allow the Frescobaldi family to raise production in the thousands of acres it owns between Florence and Siena. The Antinoris, hot competitors in everything, promptly did the

But the exit of the small man has not just made the rich richer, it allows other small men to enter. Tony Rocca, a British journalist, came to Chianti in the 1980s with his wife because they were searching for a way of making a living together: they settled on an old mezzadria farm, and have transformed it, with very great labour and much frustration. into a mixture of a vineyard

"We took a long time working out how to do business here; we nearly went bust, and we didn't get much help at first. The rules are quite Byzantine. But it's coming through at last."

"Tuscany is a special kind of tourism. You don't have beaches, or big hotels, or much nightlife. It's not for the gold chain brigade. The people who come here are well educated, they want a

New York falls

certain pizazz, a nowness and coolness'



The grand affair

see to carry, clean and chauf-

The American writer James Fenimore Cooper. who did his own grand tour in the 1820s, called on the Grand Duke and was grati-American revolt against the ence attracted Hazlitt, Shel-British). If so, the Duke was

tions with common satisfac-The Grand Tour is very old: in a book just published, The Evolution of the Grand Tour, Edward Chaney unfolds a narrative of a tradition which had its beginnines in the travels of Geoffrey Chaucer, who discovered Dante and Boccaccio in Florence, and which comes down, in the 20th century, to E.M. Forster, D.H. Lawrence, Aldous Huxley and Dylan

Mussolini because they their Basdekers "doing" the thought he would do the country good, get it out of its

This period is being evoked in a film, Tag with Mussolini, now being made by Franco Zeffirelli, with Vanessa Redgrave, Maggie Smith and Judi Dench playing a trio of battleaxes who were pillars of Angio-Florentine society.

In the 19th century, Flor-

waiter, who told him, stoutly, 'I'm a human being too!"). Most of them wrote of all, but nearly everyone had to give some sort of evowhile grander urban sprawls of the 19th and 20th century huts. Longfellow's Old Bridge of Florence hits the

"Taddeo Gaddi built me. I am old Fine centuries old.

And when I think that Michel Angelo Hath leaned on me, I glory

The Grand Tour, whose apogee was in the 18th and 19th centuries, was a travel of education. It was, as John Mortimer (who has a villa in Tuscany) writes, a "sort of 18th-century finishing school for your aristocrats trundling around Europe with their tutors and valets" and. often, their furniture and salted beef and preserves.

to stay for the summer. The models were Matthew

you know." Spender and Gorky have raised their daughters here. the family is bilingual, Spender plays in a local band and Gorky says that "the local people take to me more than Matthew because I conform more to the ideal of an Italian wife - I cook, I

For Spender: "Italy is actually quite bard to know; it is a country held together by appearances. The bella figura is so important."

Across a few valleys, their friends Justin and Nicky ily - though they arrived only in the 1980s. "Lots of 'foreigners' who are here now are actually Italians and a B&B operation. says Justin, pointing to a farmhouse on a neighbouring hill which is occupied by

"People moved here from wherever because of the beauty, and because the meztem was dying out and you could buy a farmhouse very cheaply in the 1960s and

describes - but it has a real- (from mezzo, or half) was a break which has a lot of vis-

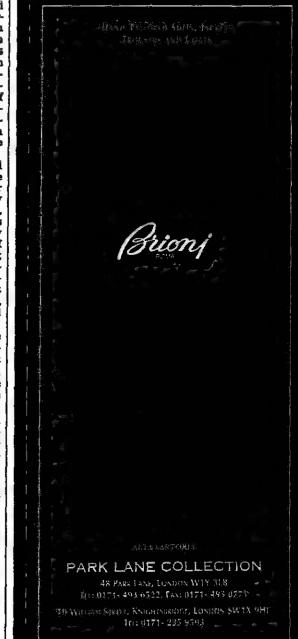
system whereby the tenant iting museums and Brit who, a century before,

ues. At the end of the 20th century, there seems room for efficient aristocrats and pushy foreigners. Florence was more known, worldwide, for the Gucci and Farragamo families - who were artisans at the cantury's beginning. but who worked hard and

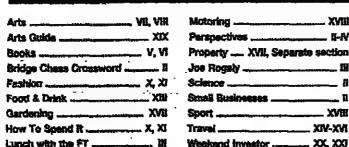
his countrymen for his commercial dedication. Yet there he is, crushing the grapes as though he had been doing it for centuries. If the British have lost some of the style, we have

would have been shunned by

also lost much of the anobbery. But the della Cherardescas still like an English duchess, even one like Fer-



Contents and columnists





Joe Rogaly Elective dictatorship

*The British constitution would begin with a declaration that power springs from the citizens'

Page III

NEXT WEEK Country conversion

'Some things go with the territory: marry farmer, convert stable, and then buy the Aga'

In Weekend FT

PERSPECTIVES

The Nature of Things

magine that you had to do a jigsaw puzzle blindfolded and wearing boxing gloves. You could put the pieces in a bucket and shake them up in the hope that they would fall down in the correct pattern. It would never work if the jigsaw had more than about three

This is like the problem a chemist faces in assembling atoms of different elements to produce new molecules or linking simple molecules to produce more complex ones.

The nature and the chemical properties of a molecule depend not just on the numbers of the different atoms that make it up but on the exact shape that they form. All this means that there is a lot more to chemistry than simply stirring the right ingredients together and waiting to see what comes out of the

For some time chemists have used tricks from biological reactions. These tricks are now being developed to new heights of sophistication in ways that owe nothing to biology. Chemists are also preparing to enter a new era where they use

Right shape is not just stir and shake

Andrew Derrington explains the lessons and tricks chemistry is learning from biology

lasers to control chemical reactions by manipulating individual chemical

Biology has lots of tricks for the chemist to copy. Biological organisms, from people to bacteria, are sophisticated bags of chemical reactions. Controlling these reactions to produce the right product in the right place at the right time is literally a matter of life or

The control must be very sophisticated. Reactions may need to be reversible; for example, energy must be stored, by linking glucose molecules, and then released, by splitting them. Reactions that generate energy must be harnessed to drive others that use up energy. Shape is the key to biological chemistry. Biological actions of

large molecules - most of them proteins - can often be appreciated by thinking of them

as machine tools in miniature. The chemical machine tools that control reactions are known as enzymes. They hold out little chemical attachment points known as binding sites - that catch small molecules.

The precise shape of the binding site determines which small molecules will attach to it, and which way round they will attach. By arranging binding sites close to each other, small molecules can be held so that they join themselves together. just as a joiner might use a jig to hold two pieces of wood to be glued together. Enzymes with slightly different arrangements of binding sites split small

molecules from larger ones. Proteins have their complex



shapes because they are made from long sequences of about 30 different types of puzzle piece called amino acids. Shape is important in simpler molecules

too. Glucose is a ring-alcohol. Biological organisms are now being manipulated to do more useful chemistry. Bacteria can be given the genes that allow them to manufacture useful drugs. In the near future, sheep may be given genes to produce human hormones that can be harvested from their milk.

Chemists are also exploiting molecular shapes in the synthesis of plastics. Polyethylene and polypropylene are polymers. They consist of huge chains of identical molecules (monomers), ethylene and propylene.

The properties of the finished lastic depend on the lengths of the chains, the number of branches in a polyethylene chain and whether the propylene molecules in a polypropylene

The reactions that produce polyethylene and polypropylene are controlled by catalysts. mixtures of solid and liquid compounds containing metal atoms that split one of the chemical bonds in the monomer and attach it to the growing polymer chain. In the last few years a new generation of catalysts, called metallocenes. has been developed in which the metal atom is sandwiched

By attaching different chemical groups to the carbon ring on a metallocene catalyst, the shape of the cavity containing the active part can be manipulated systematically. This makes it possible to develop catalysts that produce designer plastics with specific properties such as flexibility, resistance to

between two small rings of

tearing and radiation resistance. In all these chemical reactions, the reaction itself is driven by energy. Chemical bonds form because atoms have less energy when they are bound together. Bonds break when energy is put into a molecule to drive it into a

higher energy state.
Normally the bond with the least energy will break first. Enzymes and catalysts influence reactions by manipulating which bonds are easiest to form and to break. The latest technique exploits the fact that chemical bonds are tuned so that they absorb energy at particular frequencies.

A laser can be tuned to deliver energy at the frequency of a bond that would not normally break. This drives reactions in a direction that would normally be impossible.

This flash of inspiration has only been used for simple manipulations. But chemists are hopeful that it will soon allow them to do chemical jigsaw puzzles with their boxing gloves

■ The author is professor of psychology at the University of Nottingham

of Arthurson

Minding Your Own Business

Practice makes perfect harmony

Combining home and work has struck a high note for a musical couple. Nicholas Lander reports

7.30am David Howells walks down from his flat above the Belsize Music Rooms and opens the doors to a barrister who to visualise three good likes to practise the viola rooms for musicians or before an appearance in music teachers on the

He pays £8 for an hour's us upstairs.
rent of a small rehearsal "And, perhaps most imporroom and plays happily stant from a sound point of away on his own.

for 15 years as a solo planist, "round." could accompany him. But his talents are concentrated

he was not handsomely rewarded financially. His teaching and performing to 400 young children - obtain. brought in approximately family income was supple-

freelance secretary. Two years ago, with two grand planes in a small sitting room, as well as a procession of young pupils trooping through their north London basement flat every afternoon, it was time to put his piano teaching on a proper busi-ness footing and, during a months. The heating went bicycle ride, Clare spotted a on on December 23, the day

house which belonged to a firm of music publishers," she explains, "and it was full of shelving. But it was easy ground floor with a flat for

wiew, the walls and cellings Howells, who trained as a are very, very thick. The folclassical planist in England lowing day we had archiand Germany and performed facts, builders and solicitors Clare and David Howells: as well as being used for teaching young pupils, whole orchestras now practice in their Belsize Music Room

Although the landlords

The financing was even £20,000 a year, although the more protracted. National mented by his wife, Clare, a agreed an overdraft limit of Howells decided that after £70,000 as the building more than a decade of living inspector imposed higher

building which proved the the oven broke down, but

-were co-operative and agreed in a different area nowadays. to a 15-year lease with an Like so many pedagogues. option to purchase at a fixed price at five-year intervals, planning permission, which involved a change of use including explaining classi- from warehouse to educacal music to audiences of up tional, took four months to

very weekday at solution to their problem. "It is a 19th century town

the Howells' children able to help finish the decorating before they went back to school. On January 6 1997

Westminster Bank initially £40,000 secured on their flat but this limit had to rise to specifications than expected for fire and safety reasons.

The Howells moved out of their flat, putting the £350 a week rent it generated towards the business rent of £500, and lived above the

Belsize Music Rooms opened for business. On top of the £70,000 conversion, £60,000 was spent on equipment, including Steinway, Bösendorfer and Ibach pianos, as well as proper music stools and chairs. made by a specialist in Oxfordshire, which Howells believes are essential. "If

> There was, however, little joy in the Howells household for the first few weeks after opening, "We had been telling everyone we knew for months what we were doing," Howells continues, "and when we opened the doors we just expected locals to flood in. It was the biggest mistake we made and in the

first week iust 28."

these are not up to stan-

dard," he says, "it takes the joy out of playing." money."

The Howells advertised in Via the British Music Yearbook and the word processor we wrote to 1,200 musicians, 110 concert agents - who schedule concerts, book artists and look after their well-being - and more than 200 music associations, ensembles. orchestras. choirs and opera groups explaining what we had to

offer." Clare explains. "We quickly learnt that we had to be very specific about whom we targeted, to enclose a map to show exactly where we are. We followed everybody up but dropped those who were not particularly interested. Otherwise we would have wasted a lot of time and

By early February last year, 20 concert agents had cut down on the rehearsal

visited and gone away impressed. "They liked the fact that the rooms are Classical Music Magazine. clean, light and airy but crucially that I am a fellow musician who understands what their performers want. By the end of the second

stools and chairs are must be up to standard

month we were taking £400 a week. We were lucky with our timing, too.

What we had not appreciated was that financial pressures are forcing all the major performance halls to

our rooms have immediately become very attractive not for teaching amateurs as we had initially envisaged but for professionals practising. I London's leading audition cians."

rooms." Word spread quickly Proper music around the professional music circuit. "We have had an extraordinarily varied clisome pride. "Members of the essential and European Union Youth Orchestra flew in from Finland and practised here for three days. The London Philharmonia, Opera North and the Weish National Opera

regularly audition here and here, too. "And we can be flexible. A recently arrived at Heathrow at 5pm for a concert the fol-

lowing day and practised

could not have done that anywhere else. We have also established a website with links to music sites in the US which has brought in think we have now become several American musi-

By the end of the first year the rooms were generating a weekly income as high as £1.300 but this could fall to under £300 the next week, A entele," Howells says with surge in house prices, how- with Henley Piano Galleries ever, allowed the Howells to to display a range of highsell their flat for £270,000 (18 quality upright planos here months it failed to sell at £170,000) and this allowed them to exercise the option to buy the freehold of the Music Rooms at the agreed fixed price of £330,000 with another NatWest loan.

Income, which has doubled over the past year, now famous Russian pianist goes to pay off the interest on this loan but the Howells hope that by early next year the business will be able to

larly now they are open

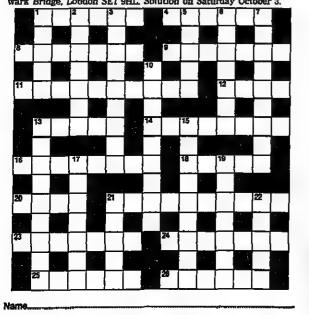
seven days a week. "That the business is established is obviously of great satisfaction and the rehearsal and audition side has enriched my teaching and brought in more pupils." Howells concludes.

"There are unexpected business spin-offs, too. We made a trade agreement which people can come in and play before they decide to buy. In the past year we have sold over £60,000 worth of planes on which of course we earn a commission. We could never have done that from the flat."

Belsize Music Rooms, 67 Belsize Lane. London NWS 5AX, tel: 0171-916 0111, fax 0171-916 0222. http://belsize-

CROSSWORD - --- --- ----

No. 9,791 Set by DINMUTZ The prize of a matching set of finely engraved personalised note-paper, envelopes and correspondence cards on Ecru Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions



WINNERS 9.779: Mrs S. Beveridge, Elle, Fife; Mrs T.M.F. Mil-ner, London SE5; C.G. Storey, Newcastle upon Tyne.

Abels International Moving Services

ranes

ACROSS
1 Covers for sentries? (6)
4 Aircraft descent from Paris, perhaps, low...(6)
5 standard chopper fell

9 Tivoli's new orchestral

player (7)

11 Cerebellar activity in a low drinking den? (4-6)

12 Yen helping to make up deficit, chiefly (4)

13 Port of no age in mess (5)

14 When will attack begin? In no time at all! (4-4) 16 Flamboyant, a name given

to such an American (8) Minister to preserve har-10ur (5) 20 Quarter to noon-time for

school (4)
21 Furiously angry, cited
Letchworth as the first 23 Monkeys with grants given to graduate (7) 24 Here's hopin' for a paink

26 Heavy drinker in Bath. say? (6) Solution 9,790 POTENT ISLANDER

BETT PEN E

BROWNINGE STOPS

LIE K G T T T

MOOD MINIMUM SING

BUSINER TEERLED

1 Theatre-in-the-round (5)
2 Bevan's name for thiamine

Jazz Alex did in variety? (9) right to drink beer (7)
Osculates chursily in hope less endeavour (4,5)

8 Broadcasters performing in

13 Book put out at a signal? winners? (7-2) 17 Hit single falling (3.4)
19 Police force turning into noisy disturbance (7)
21 School of painting using

colourful jackets ((9)

Solution 9,779

BRIDGE The world championships have finished with the relatively unknown Polish pairing of Michal Kwiecien and

Jacek Pszczola lifting the Open Pairs Trophy and Shawn Quinn and Jill Meyers of the US winning the Ladies Pairs. The most remarkable result, however, was in the Seniors Pairs, where Boris Schapiro and Irving Gordon of Great Britain were triumphant. At 89. Schapiro is the oldest world bridge champion and, possibly, the oldest sporting world champion ever.

♥ 10 4 **♦ 38753** ♠ A8542 ♥ K32 **87** ♠ K 6 3 ♥ AQJ9876 . Q94 N/S Game

North East South West

Fred Hamilton and Arnie

Fisher of the US enjoyed

what appears to be a ludi-

28

1H

6H

crous auction - unless their | Garry Kasparov scored a 4-2 bidding contained secrets closed to us mere reporters. Nonetheless, 6H was the

standard contract and a top

diamond the usual lead. The problem is how to draw trumps - possibly los-ing to K♥ - without subsequently yielding a spade trick. Having trumped the initial diamond, the temptation is to ruff a spade immediately. When you then try. the heart finesse it succeeds, but when you cash A♥. K♥ does not fall, and now you must lose a trump and A. Hamilton found the winning chance: at trick two he played a small trump to 10%. and East won with his KV Now, whatever East played, declarer was in control. because he still had a trump

in dummy to ruff a spade. One commentator suggested that if East were to duck 10 smoothly, declarer would not know who held Ky. This is an incredibly tough defence to find and, anyway, declarer may reason that, on the auction, West would not have played small from VKx. So, if the actual layout was the only reasonable one, he could finesse k# on the next round and record an overtrick.

Paul Mendelson nese player meets the Rus-

CHESS

win over Jan Timman in Fischer (Xie Jun v M Taima-Prague in a contest completed last Sunday, yet victory in the EuroTel Trophy was small consolation for the collapse of Kasparov's plans to defend his world championship title against Alexei Shirov in Spain. The sponsoring Andalucian government withdrew due to political changes.

from next week's controversial chess Olympiad in Kalmykia and from November's £1.6m Fide knockout world championship being staged in Las Vegas. The Russian remains clear

Kasparov will be absent

No 1 in the international rankings, but his credibility is suffering badly because of the absence of a title match since 1995. Meanwhile, the charming annual women v veterans

match has re-emerged at Roquebrune, France. It is always called after a dance of the host country, so this year's version, which features great names like Spassky. Korchnoi and Smyslov, is the cancan.

and 366 games, the veterans

lead overall by just one point. Here the best-known Chi-

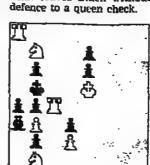
sian who lost 0-6 to Bobby

ćξ:

85 TW

*46

1 e4 c5 2 Nf3 e6 3 d4 cxd4 4 Nxd4 Nc6 5 Nc3 Qc7 6 Be2 a6 7 0-0 Nf6 8 Kh1 Bb4 9 Nxc6 Qxc6 10 Bf3 Qc7 11 Bg5 h6 12 Bxf6 gxf6 13 Qd3 Qd6 14 Qe2 Qe5 15 Bh5 Bxc3 16 bxc3 Qxc3 17 Rad1 Ke7 18 f4 b5 19 e5 f5 20 Qf2 Rf8 21 Rd3 Qc7 22 Rfd1 Qa7 23 Qb4+ Ke8 24 Rg3 Qc5 25 Rd6 Qxc2 26 h3 Bb7 27 Kh2 Qc4 28 Bxf7+! Rxf7 29 Rg8+ Rf8 30 Rxf8+ Resigns. If Kxf8 31 Rxd7 leaves Black without



No 1249 White mates in three moves. against any defence (by F Giegold). White is two rooks After seven years' play and a knight up, and Black has only one legal move, but where's the mate?

Leonard Barden __.

Solution, Back Page



PERSPECTIVES



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Supplied to the state of

HART I'M STATE IT TOTAL

Joe Rogaly

Labour's Sun King casts a long shadow

If proposed constitutional reforms are enacted they would only entrench the administration's powers

an elective dictatorship in sheep's clothing. We have known this for a ong while, but new Labour was expected to put an end to authoritarianism, to spread power around. It has, and it hasn't. There have been some reforms, but the centre is stronger, potentially more corrupt, than ever.

One year and a bit after the Fortes were thrown out we face control by a small clique at the heart of the administration. The day may dawn when we find that this politburo has put itself in a position in which it could become self-perpetuating.

If it were not for the fact that the ministry is composed of such nice, self-effacing politicians, we motion coup d'état. For the

crown in parliament, the phrase of Westminster if the Scots are only solution is a democratically described above. What, you may to be a camouflage. Dicey forethat traditionally describes our unwritten constitution, we might substitute new Labour for ever. I know that this cry of alarm is

humble masters, but look at what is happening. First, we acknowledge what they have done right. Tony Blair is a skilled seller of democratic reform. The prime minister has shown by his actions that he

means what he says when he

promises to devolve power. Monetary management has n sub-contracted to the Bank of England. Mr Blair has worked hard to establish regional assemblies in the Celtic lands and London. Scotland's "parliament" may become truly independent

prepared to pay for the privilege. For the rest of us there is no such choice on offer. When all the presently contemplated out of tune with the well changes to the constitution are deserved hosannas for careful in place, the office of chief execugovernance being sung to our tive in No 10 Downing Street might as well be called the Louis XIV suite. With an overwhelm-

ing majority in the Commons,

rigorous party discipline, and a demonstrated willingness to use

his considerable authority, Mr Blair's word is law. Two potential "reforms", both under discussion during the summer, would give him added strength. First, the removal of the hereditary peers from the House of Lords would neutralise the upper chamber. The remain-

ing appointees would be expec-

ted to do as they were told. The

elected senate. We await the day. ask, has gone wrong? The pro- saw the development of dele-Second, we have been promised a referendum on a new voting system. I have long supported electoral reform, with the purpose of enhancing parliament's ability to call the government to account. What we may

be offered is a system designed

to favour Labour in alliance with

the Liberal Democrats. That

would make it extremely diffi-

cuit to throw the rascals out. We may not even be able to discover which of them is the most rascally. For the wateringdown of the proposed Freedom of Information Act will make it harder to hold the government

All my writing life I have advocated constitutional reform. including most of the elements

through. Mr Blair is well known the optimum solution to every parliament today, problem. It would be better to Under the umbrella of royal start with first principles.

Real modernisation of the British constitution would begin with a declaration that power springs from the citizens, not the crown. Everything the administration does is in the Queen's name. The British monarchy is the glove puppet of the government. It keeps the government's hands clean. It is the formal excuse for official secrecy, ministerial fiats, rule by collusive civil

This was appreciated by classic observers of our ancient polity. Bagehot knew the monarchy

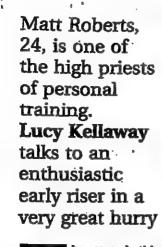
cess has not been thought gated legislation, although even he might have been amazed at for regarding "what works" as the extent of the disregard of

> prerogative, ministers may conclude treaties, make appointments of whomever they please. create peers, award honours, fill in the details of our law, all without prior approval from our elected representatives.

Consider the alternative, "We the people", which works excellently in the US, has a nice new Labour ring to it. "Her Majesty's subjects" sounds anachronistic. This is now widely understood. It is inherent in the argument put forward in a pamphlet, Modernising the monarchy, published a week ago by Demos, a

think-tank linked to new Labour We are not particularly perturbed about the tribulations of the royal family. What concerns us is the way our elected government behaves. In the 1970s those of us who sought to curb the executive came out as republicans. Today the symbolic value of the monarchy is recognised. even though Prince Charles is having a hard time establishing

his birthright as the next king. The royals should, however, be disconnected from the executive as in Europe's little northern monarchies. Ministerial powers should be defined, subjected to a strong parliament. Then we subjects might become true citizens like our American cousins. Alas, for all his friendship with the White House, Mr Blair does not see it that way.



he second thing noticed about Matt Roberts was his body. Wearing a tight black T-shirt cut to reveal bulging arm muscles, he had the firm, symmetrical look of an Action Man.doll.

The first thing that struck me about Britain's most expensive personal trainer was the funny way he was standing. His legs were wide apart. Was he doing a secret thigh stretch, or was he braced ready for action?

He was waiting for me in the foyer of his swanky new gym at One Aldwych, London's happening hotel. The reception desk was a sheet of blue neon; behind it sat a glossy blonde in a black suit. He stood to one side, the perfect

Matt Roberts is a high priest of fitness. At the age of 24, he owns two gyms and has 21 personal trainers working for him. He trains the stars as well as the City's fat cats, and is on his way to becoming very rich indeed.

He gave me an even white smile and led me into a room full of mirrors and large black "We've got everything in here

to work the body out! Hamstrings! Curis! Quads! Buttocks! Stretching!" He spoke quickly as if time were short. "These upper body machines are state-of-thearti They are three-dimensional! Sensationall Terrific!"

I looked at the machines and could not help noticing something odd about them. There was no one using them. In fact there was no one in the gym at all. "It's a bit quiet," I said.

"We opened two weeks ago, but it's filling up very quickly," be insisted. He gestured for me to sit down on a tiny black leather plank. What is this exactly. I school "Just a bench for free weights work," he replied as if it were perfectly obvious.

According to his publicity material, Roberts has rebuilt the bodies of actresses including Faye Dunaway and Sandra Bullock. But when I mentioned these names he stiffened. "I don't confirm or deny speculation about who we do. We protect the iden-

So we talked money instead. Rach session at his gym costs £50, and clients are supposed to have three sessions a week. The clever bit - from a money spinning point of view - is that there is no end in sight: to get the perfect body you have to go on forever. That means spending sisted workouts, not to mention \$150 a week, or \$7,500 a year in perpetuity.



Matt Roberts in his new gym in Aktwych, London: "Clients need belp to get perspective to their lives. They have a Electyle that is too busy for their bodies"

Working out with the FT

The man to curl your quads

on an evening meal or \$30 on a

Speak for yourself, I thought, but instead I asked what clients got in return.

For a start, there is the full fitness analysis, "Body Pats, VO2 score, local muscle endurance...," he rattled off a list of things, most of which I had never heard of Step two is the design of the programme. It is very personal, very individual, very tailor-made, he insisted. First the nutritionists get to work drawing up your very own eating plan. This may be so complex that you are likely to need three, four or even five in-depth sessions in the first month. Then there are the 100 per cent individual trainer-as-

the massage therapies. He glanced at the pink news-

star Sean "Puff Daddy" Combs.

That's a lot of money. He paper sticking out of my bag, and shrugged. "You might spend 580 said: "You know, it is just like running a company. You set targets for one month, three months, six months, it's just like giving profit expectations."

I see, I said doubtfully. What he is offering is not just help with the hamstrings, pecs. quads, buttocks et al, but with too. "Most clients realise they need to address certain issues. They need help to get perspective to their lives. They have a lifestyle that is too busy for their bodies." But surely all he is doing is making them busier still by giving them three more dates to fit into their overfull schedules every week.

"It's such a small part of the week. There are 160 hours in the week - we see our clients for just

three hours." But supposing, I protested, you

were someone who wanted to get fit but did not have a spare £7.500 a year, is there anything he could He thought for a bit. Number one, he said, is to make sure they

I realised that this place wasn't a gym at all, it was a church

don't sit at their desks all day. Go for a walk. Number two, is to avoid overdrinking and eating. I could have told FT reader. that myself. If you are a fat, unfit slob, you need to eat less and take a bit of exercise. If you are

Dispatches

Glitz blitz misses the targets

not fat and do a bit of gardening which was a surprise as I was rule one, we started to talk about or play a bit of golf, maybe you are getting along fine without Matt Roberts.

"I don't see it like that," he said. "To say what a person needs you must understand them well. You need to know what is that person's goal. Everyone has their own target for how they want to look better or be physically better." I don't, I said.

He ignored this. "There will come a time when you will have to recognise that you must set targets. It's not a selfish thing. You might want to change your nush towards achieving something beyond that."

Sensing that there was no future in discussing my health level, I asked instead what it took to be a great personal trainer.

"Listening skills," he said,

getting through, "The typical trainer talks about himself.

"You also need good analytical client's heart rate and design a day." In addition, the perfect trainer

Roberts went on.

should read the FT, he said. Presumably this means that the client can get the trainer's view of the world economy thrown in gratis as he sweats it out on the treadmill

"The Asian crisis! Russia! The health level. You might want to way the Dow is coming down! The trainers find it fascinating." esta Roberts. How much do they get paid for

all these skills? For the first time this smooth young man looked "A good amount." Breaking said.

experiencing a bit of difficulty in Roberts himself. How he might have been a footballer but had an injury, and how for a while he was a professional runner. How he gets up at five each morning, skills. You need to look at the and starts the first client workout at 6am. How he does four or workout that suits them for that five hours' training a week himself. How he never eats sugar or anything fried, and doesn't drink except the very occasional glass of wine. "I need to be a good role

model," he said. As I got up to go I realised that this place wasn't a gym at all, it was a church. But when I put the idea of fitness as religion to Roberts he seemed to have no idea what I was talking about. "I wouldn't go that far," he said. and assured me that his trainers kept an eye on all clients to make sure they did not overdo it. "Everything is taken care of," he

t's silly, I know, but I swore never to visit the Hamptons until I made the bestseller list and was celebrated as "the next big thing" - until the glossy, gossipy Hamptons magazine photographed me watching polu matches from a VIP seat or laughing gaily, champagne glass in hand, at charity galas, But I

decided I could wait no longer. "Let's go to the Hamptons tomorrow. It's only four hours be beautiful, savvy, and shrewd from Boston by car - we'll be there by lunch," I suggested to my husband, neglecting to sdd that my objective was to check out the social scene, without being seen myself.

Just as you need the right car in LA and the right Upper East Side address in Manhattan, in the at the American Hotel in Sag Hamptons your worth is deter- Harbor, watching dozens of mined by who invites you to middle-aged couples, identically their mansion for the weekend, dressed in khaki shorts and or what famous, powerful people T-shirts, sauntering up souvenir- ranking entertainment execuyou're able to ture to your clogged Main Street in a shopa-

Marisa d'Vari tries to keep her cool as she hunts for the glitterati in the Hamptons own mansion as house guests. here in a half-hour," the waiter At the very least, you have to winked. "And Alan Alda sat at enough to belriend high-powered that table the other day." Talk is PR people who can get you invicheap, but Sag Harbor lacked the tations to soirées at the estate of

atmosphere I craved. department store heir turned We continued to the Maidstone hm in East Hampton, where I attend brunch for hundreds at movie mogul Ted Field or the rap had arranged an interview with Once we hit Long Island, we chef William Valentine. embarked on a pre-lunch cocktail

The scene here was decidedly cooler. Many of the diners savouring

the chef's speciality of seared Long Island Duck were hightives or authors who regularly about friends who make the front

top 10 list.

They sat, for the most part, at tables of six or eight or 10. An intimate gathering of power players who've decided to go off on their own for lunch rather than David Geffen's mansion.

I hid behind my oversized sunglasses, absorbing the goings-on but hoping to be shielded from prying glances. We were the only table of two apart from two older women to our right, and just about the only table not talking party circuit.

tour. I felt like - gulp - what we

were. Tourists! at the next table asked me. "Yes...," I admitted, turning a

was identified as one of the wife's doing a story on Bill Val- a bidding war on my book or uncool, unconnected people who had to resort to a restaurant for said to the hostess at Alison by the literary stratosphere as the lunch instead of relying on the Beach. "And it would be new Big Thing. famous, fashionable hosts they could brag about on the cocktail

Dinner reservations at the

holic daze. "Billy Joel will be appear on the New YorkTimes pages of the world's newspapers, trendlest places - Alison by the their latest studio deal, or the Beach, Pacific East, Nick and problems with their 15-city book Toni's - proved a challenge. real taste of the Hamptons you "Impossible," the hostesses of have to be a bold-faced name that

> But my husband, savvy finan- to do but lie on the beach. cial manager that he is, played bit red. My cover was blown. I them off against each other. "My Hamptons, never to return until entine of Maidstone Arms," he script spins me, overnight, into great if we can include your chef,

Nick and Toni. Success, albeit for the early sion show (www.deg.com)

seating only. And not in the main dining room, where I hoped to satisfy my curiosity about Hampton glitz. I imagined ladies dressed with gold everywhere, eyeing one another's latest jewellery, husbands and surgery.

It wasn't like that: women and men favoured expensive, but casual clothing in a thousand shades of beige. My initial assessment, it seems, is correct. For a both restaurants pronounced. regularly appears in the columns. "Aren't you on TV?" a woman They had been booked for weeks. Otherwise, there's really nothing

And so we slipped out of the

I Marisa d'Vari is a Boston-Robert Guryich, too." Ditto for based novelist, screenwriter and producer;host of a weekly televi-

It's OK, no one's looking at you You can wear a Barry Manilow T-shirt without having to feel embarrassed, says Raj Persaud

hen you make a social gaffe, all focus on you, burning into your self-confidence and scorching your skin to a scarlet rash. Or that, at least, is how you feel. In fact, the people around you will be far less concerned than you imagine - the social spotlight is nowhere near as large and bright as we fear. And scientific experiments can prove

having a bad hair day or turning up to a dinner party without a feel we are under the social spot- two. light, and we squirm accordingly. But our sense of how much we are noticed and judged by others

tion of being scrutinised the "spotlight effect" for the way it see ourselves as we truly appear appears to highlight our every move and expression when we commit a social faux pas.

Thomas Gilovich of Cornell University, Victoria Medvec of Northwestern and Kenneth Savitsky of Williams College in the US are about to publish the results of intriguing experiments demon-strating for the first time that people habitually overestimate the extent to which their actions and appearance are noted by oth-

student was required to don a potentially embarrassing T-shirt son's bad hair day might be indis-(one showing a large picture of Barry Manilow, a popular singer

eyes turn to of low prestige among college

The wearer of the T-shirt was later asked to estimate the number of fellow students in a crowded room who definitely discerned the face on the shirt, and

In fact, each student who took part was so distracted by his own embarrassment, he was unable to assess accurately how noticeable Wearing the wrong dress code, it was to others. Each T-shirt wearer wildly overestimated how many people spotted the Manilow gift for the hosts makes us all shirt by, on average, a factor of

The psychologists contend that this systematic exaggeration of how much we are noticed in similar situations derives from our Psychologists call this sensa- sensation of being "in the spotlight", producing an inability to to others.

This theory predicts that we will similarly overestimate how much others notice changes in our behaviour and appearance over time - hence the recent narcissistic invention of the "bad bair day". Clearly, the apprehension involved here is that others will notice the "bad hair".

But experiments suggest this concern may be overblown. The variability that an individual perceives in his (or her) own appear-In one repeated experiment a ance is likely to be lost on most observers. To others, one pertinguishable from the good. In one study, Gilovich, Medvec

SHE'S TAKEN THE EVERYONE'S LAST PORK PIE. this was compared with the actual number who noticed.

HOW MUCH WE IMAGINE OTHERS NOTICE US.

HOW MUCH OTHERS ACTUALLY NOTICE US.

and Savitsky approached stu- is happening to us, its signifi- makes them try to make adjustdents on unannounced occasions throughout a college term, and asked them to rate how they thought they appeared to everyone else on that day, relative to how they appeared on most other days - in other words, did they think others would see them as having a good day or bad day in terms of physical appearance?

As suggested by the theory, participants believed their appearance varied substantially more in the eyes of their fellow students than was actually the The explanation for these

disparities between the way we view our performance, the way we think others will view it and the way it is actually viewed by others. Whether making a brilliant point in a boardroom discussion, or executing the perfect shot on a tennis court, we sometimes find that the efforts we view as extraordinary and memorable go unnoticed or underuppreciated by others.

the centre of our own universe.

This means there are frequent

Obviously, people realise that results is that most of us spend others might see things differmost of our time focused on what

cance to our lives and how it ments. The ability to do this appears to others. Each of us is marks our development from childhood to adulthood. Young children assume everyone sees things exactly as they do; adults can take account of another's perspective.

> But even adult adjustments can go hopelessly awry. Such fine-tuning is imperfect, and we still end up believing that more eyes are on us than is actually

Savitsky and colleagues have also found that the spotlight effect only occurs when we are appearance. When the psycholoently from how they do. This gists repeated the Manilow

T-shirt experiment, but allowed the wearers more time to get used to it, they became less embarrassed and were able to guess more accurately how many other students noticed the shirt.

The experiment confirmed that we are less likely to feel the spotlight effect when we are less focused on ourselves, perhaps when our behaviour is routine and automatic, or when we have grown used to some aspect of our

Does this go further? Is there a "reverse spotlight effect" that occurs when people are not conscious of their own behaviour and yet their actions are quite noticeable to others? It seems there is. Smokers, for example, frequently under-rate how intrusive and disturbing their habit is to others because, having practised the habit so much, they often indulge in it inattentively.

Likewise, those who douse themselves regularly with what seems like gallons of after-shave may - because they themselves have grown accustomed to the - underestimate how readily it is detected by others. In another series of experiments. Gilovich and Savitsky, with Nicholas Epley, also of Cor-

nell, looked at how our social gaffes affect the opinions of others. One individual was the only guest at a party without a gift to offer the hosts, and another was unable to recall the name of an

In each case, the guests

believed their blunders would bother the hosts more than it did. and that the hosts would form a more negative impression of them than they actually did.

It seems that not only do we overestimate the extent to which others notice our appearance and behaviour, but we also exaggerate the effect it has on others.

There are important lessons in this research for all of us. The biggest regrets in most people's lives tend to be things they have failed to do, rather than things they have done. Fear of failure and the social shame it might bring made them miss opportunities: they did not reach out to others for fear of rejection; they did not join a dance or join in a game for fear of looking inade-

Indeed, it was the psychologists' work on regret, and the observation that so much regrettable inaction stemmed from a concern with how failure would look to others, that led to research on the spotlight effect,

Perhaps we would have fewer regrets if we properly understood how much inattention our actions actually drew from others. As Abraham Lincoln commented: "People will little note, nor long remember."

But if we are all so obsessed with ourselves that we scarcely notice what everyone else is up to, this might explain why we are not being noticed as much as we think we are.

■ Dr Raj Persaud is consultant psychiatrist, Maudsley Hospital,

The scientist The Comforts of a Rumford Stove who tried to make people happy

John Meurig Thomas celebrates the bizarre life of Count Rumford

statesman and social reformer and 200 years ago today he arrived in London from

He was Count Rumford, a 45year-old American-born, opportu- and modernise the Bavarian nistic man of action, and he had been sent to London by the Elector of Bavaria to be minister plenipotentiary at the Court of St

But George III declined to accept him as ambassador. mainly because Rumford was a British subject upon whom the king had earlier conferred a knighthood.

The king could not have known just how beneficial this decision would eventually prove for the study of science.

Thompson in Woburn, Massachusetts, had shown exceptional drive and intellectual curiosity in his teens when he tried his hand at medicine, commerce, schoolteaching and as a college student

at Harvard. At the age of 19, while a teacher in Concord (formerly named Rumford), he married the richest widow in New Hampshire only four months after meeting her, thereby gaining entry to the circle of the royalist governor of the province. He soon started spying for the British during the growing turnoil of the American

Revolution. His new-found position also gave him scope, as a gentleman natural philosopher; he Invented a reliable, gallium-based invisible ink for espionage and studied the properties of gunpow-

Unfortunately, as a major in the New Hampshire militia, he became extremely unpopular with his overt espousal of the American Tory cause, which aroused the ire of most of his compatriots.

He had to abandon his wife and their baby daughter, and sailed for London in 1776 to report directly to George III on the situation in America.

The self-assured 23-year-old was given government posts and during this period he carried out some seminal experiments into the ballistics of cannons. Sir Joseph Banks, president of the Royal Society, was so impressed with this work that Rumford was state counsellor - that the Elecelected a Fellow of the Royal Society in 1779.

Five years later, having achieved the rank of colonel in rank of count. the regular British Army, Rumford left to seek his fortune in continental Europe and entered ambassador by George III. How the service of the Elector of Bay- did Rumford react?

aria, as his aide-de-camp. status in the Bavarian court Sir Joseph Banks; Henry Caven- would teach (to artisans) the exceeded his status as a British dish, the rich, reclusive natural application of scientific discov-

had achieved fame -tic self-confidence, he persuaded as a soldier, spy, George III, for whom he had scientist, inventor, 'already agreed to spy on the Bavarians, to make him a knight. His 14-year stint in Munich was extraordinarily fruitful on several fronts.

His first task was to reorganise army, which he achieved with a dazziing mix of science and social engineering. He began by identifring that the main item of expense in the military budget was clothing.

This led him to look at the physics of insulation so that he could order the manufacture of efficient protection for the soldiers. But no manufacturer in Bavaria was interested in his technologically advanced ideas.

When he decided to set up his own factory to make clothes for Rumford, born Benjamin the army, he found there was no labour force. Rumford's radical solution to the problem transformed the social fabric of

At the time, the city was overrun with beggars, vagabonds and vagrants. On January 1 1790, using the dictatorial powers invested in him by the Elector. he ordered the city garrison to arrest every vagrant in Munich and throw them into the great stone city prison, which he renamed a House of Industry.

He then employed the beggars and their wives and children to make uniforms for the army. He clothed them, housed them comfortably and fed them well, using his own soup recipe which featured the potato, a vegetable he introduced as a staple food.

All this was in line with his approach to social reform: "To make vicious and abandoned people happy, it has generally make them virtuous. But why not reverse the order? Why not make them happy first, and then virtuous?

Munich's pleasure-grounds and park - with artificial lake. refreshment salons and Chinese pagoda, known as the English Garden and modelled on Kew was designed and created by Rumford in 1790. It became, and remains, attractive as a retreat and sanctuary to all strata of Bavarian society.

In 1792, Rumford was so powerful - he was simultaneously minister of war, minister of police. chamberlain of the court and tor, in his capacity as vice-regent of the Holy Roman Empire, elevated his brilliant minister to the

Then, in 1798, he was sent to London and was rejected as new institution, the aims of

He had many influential



electric motor.

on the brink of bankruptcy.

research at his villa in suburban

Before he left, Rumford made

social reformer; and the second Earl Spencer, the aristocratic land-owner and collector. Many of his friends had been involved in forming in 1796 the Society for Bettering Conditions and Increasing the Comforts of the Poor. At a meeting of these men and

In Rumford's vision was no mention of pure science: science was intended to make itself useful

others in Joseph Banks' home in Soho in March 1799, it was decided that Rumford should draw up the plans for forming a

which were twofold. First, it would spread a knowledge of new and useful mechani-This meant, however, that his friends in London, among them cal improvements; second, it Paris.

facturers and to increase domes-Young, who contributed much to tic comfort and convenience. the decipherment of the Rosetta Thus was formed the Royal Insti-Stone; and the flamboyant Cortution of Great Britain (in Albenishman, Humphry Davy. marle Street), the oldest continu-Davy proved to be a sensation ously used scientific laboratory The 23-year-old Davy combined

in the world and the home and brilliant scientific discovery with workplace for nearly 50 years of an elegant literary expression Michael Faraday, inventor of the which made his lectures at the Royal Institution important In Rumford's vision there was social functions. no mention of pure science; sci-Using an array of voltaic cells. ence was primarily intended to

combined with his own brand of intuitive, almost poetic flair, The early years of the Royal Davy discovered the elements Institution's growth were tempessodium, potassium, calcium, bartuous, partly because Rumford's ium, strontium and magnesium. fellow managers felt his dictato-He invented the carbon arc, and rial manner and financial proflidevised the miners' safety lamp, gacy were irksome. Rows were which was named after him. frequent; and the society teetered

He saved the Royal Institution, not only through his science and Rumford himself abandoned his popular lectures, but also the place, partly because he was because he made his greatest disattracted to another rich widow, covery there: Michael Faraday, Mme Lavoisier, whose husband, arguably one of the greatest the great chemist, was guilloexperimentalists of all time. tined in the French revolution.

It is interesting to reflect that He married her but they sepahad George III accepted Rumford rated within a few years, thereby on September 19 1798, the Royal giving him renewed freedom to institution, now on the threshold pursue innovative scientific of its bicentenary, might never have been created.

Sir John Meurig Thomas is Master of Peterhouse, University two crucial appointments at the of Cambridge, and a former Direcsubject, and so, with characteris- philosopher, William Wilberforce, eries, to improve arts and manu- Royal Institution. Thomas tor of the Royal Institution.

Bad boy of vegetables in good odour

In California, garlic is forgiven its chequered past, says Holly Finn

from San Francisco and you're in the Napa Valley, glass in hand, sipping pinot noir. Drive 75 miles south, and you would be stuffing corks up your nose. For just past the scentlessnes of Silicon Valley is Gilroy, garlic capital of the world.

Smell is not something most Americans care to talk about unless, in soothing tones, they are trying to convince you that aromatherapy can be sensual. Garlic does not have the patience for that: the odour of mass-produced garlic comes at you with big fat claws. It is the bad boy of vegetables, attractive

because it is repulsive and repulsive because it is attractive. Gilroy, which seems a very ordinary town on the surface, has embraced this contradiction and. in the great American way, has learned to capitalise on it. Like the executives who put Climax. Colorado, on the map when they made a market for molybdenum, garlic producers have made

stinking lily (it's a member of the amily Liliaceae). The 35,000 residents of Gilroy agree about the small: "You get used to it." Since the Gilroy Garlic Festival was started in 1978, the town has become the unofficial home of sulphur breath. Every year on a late July weekend, hundreds of thousands of garlic-lovers gather in this town, once known for its flour mills and soap factories, to savour garlic in all its forms,

Gilroy's name selling the

including ice-cream. Don Christopher can be thanked for a good portion of Gilroy's notoriety. Co-founder of the festival and founder and owner of Christopher Ranch, one of the largest producers of fresh garlic in the US, he left his family's prune-farming business in 1956 because he "wasn't happy with prunes - they were dull". It is hard to argue with him.

About 800m pounds of garlic, approximately 90 per cent of all US domestic production, is grown in California, of which 130m pounds are sold fresh. At Christopher Ranch, they produce 40m pounds fresh, 18m pounds peeled and 5m pounds puréed. The fresh comes in six sizes from super-colossal down to

When I visited the ranch, its production lines were at full tilt as I was shown around by the marketing director. Crates of fresh colossals were stacked. awaiting shipment to New York (where customers demand their garlic big), tawny purée was being pumped into hundreds of 90z glass jars, and a proprietary air-peeling system was blasting the skins off individual cloves.

Here at the ranch, garlic is forgiven its chequered past. The ancient Egyptians might have incorporated it in burial rituals. but garlic was most widely used by the common people and considered unclean by many priests. In the 14th century, King Alphonso of Castile thought garlic so loathsome that

if a knight ate it, he was

forbidden to appear at court for at least a month.

"It had a bad connotation." Christopher told me. "It was for the poor." He was referring to a time earlier this century, when the bourgeois considered garlic

Now, he says, garlic consumption in the US, which was 1.1 lbs per person in 1968, has leapt to an equivalent 3.1 lbs Sales have been growing at 8-10 per cent a year. Industry experts cite, among

the catalysts for garlic's comeback, numerous reports that garlic lowers cholesterol and reduces the chances of heart attacks and cancer. Despite a recent German study that questioned garlic's health benefits (published in the Journal of the American Medical Association), the bulb looks as though it will keep blossoming.

Alternative medicine belos its cause but experts also point to an increase in the appetite for international food - particularly Asian. We seem to be craving tastes that call for ingredients such as the Absolutely Amazing Garlic Cluster-Buster - tastes that scare. When cooked slowly garlic can be mellow, but when seared or crushed raw it's a fury of allicin (the amino acid stored inside) and attitude.

Asked whether garlic eaters seem to stand closer together or further apart, Holland Goss, a New Yorker who has been to the Gilroy Garlic Festival and swears she would go back, says: "Probably closer together, because everybody smells bad. There's sort of a camaraderie of bad-smellingness."

The crops have been drenched this year and, though garlic loves water, there's a limit. Severe rust disease has broken out in central and northern California. infecting garlic leaves with fungus, reducing bulb size, and quality. Christopher Ranch will be 25m lbs short this year, and is having to import from Mexico and Argentina.

Not everyone in Gilroy is concerned. At O.D.'s Kitchen, a local eatery. I chewed on a garlic cheeseburger while the man next to me worrled aloud over his crossword, "Was it Monet or Corot who did the water lilies?"

And Dave Camacho, sitting outside the Coffee Roasting Club on Gilroy's main street, flexes his considerable arm muscles and tells me: "I'm not a garlic lover, to tell you the truth." He runs his own health club and says frankly: "This is not the health capital of the world."

Excepting Camacho, people in Gilroy eat slightly more garlic on average than people elsewhere -"probably a pound more a year" I was told. But the local bospital, with a cardiac unit so limited that most patients are sent "up north", cannot verify whether residents have fewer heart attacks.

What they do have is a unit of energy - not the micro-chip, but the clove - that is pretty darn potent. "If you notice, you smile when you talk about garlic," says Christopher, smiling.

Scribe who never

But wasn't to write such a piece to endorse tacitly everything I had rejected by the time I was a teenager? In those days, I was sure that science was a safer guide to understanding the world than religion, that the Berashis story of creation - the Hebrew version of Genesis - was a fantasy we should have long grown

Reading the King James version for the first time hasn't changed this. But decades of discussions with sociologists and philosophers have taught me that even scientific knowledge is still uncertain, precarious, relative, The idea that there is a value-free science is unsustainable: inevitahly, how we as scientists understand and approach the world is shaped by our expectations of it.

A word about the beginning

Steven Rose, a scientist and atheist, takes a fresh look at the lessons of the Bible

capitalism, was born in northwestern Europe in the 17th century, and its values were similarly formed within the Judaeo-Christian tradition, whose deepest roots may be found in Gene-

As a youngster, I saw scientific advance as inevitably progressive, sweeping away the darkness of superstition and religion. But the social, environmental and moral problems created by scientific and technological developments from nuclear power to genetic engineering throw such unquestioned progressivism into doubt. I find the moral indifference and arrogant certainty of some of the more polemical scientific atheists distasteful. Especially when they embrace so wholeheartedly their own version form of ultraDarwinism.

So I recognise that to write as I ethical lessons? have done is to risk attack from Modern science, along with two opposing fundamentalist

betraver of science.

Genesis is about the creation of the world, and of the origins of is that this great saga occupies only 31 short paragraphs. All the rest - the remaining 118 pages in the Canongate edition - is a chronology of obscure lineages and seemingly random accounts of incidents in the life of Jacob. his brother Esau and sons. including of course Joseph, so the book ends with the family living in some comfort in Egypt. God's role in all this seems pretty arbitrary. Why did he prefer Jacob to Esau; why did he encourage the trickery of one

Nor for that matter do God's

brother on another? We aren't

told, and it doesn't make for a

very edifying story. What are its

phemer, to the other, perhaps, a Eve from the Garden of Eden. prevents them eating from the tree of life, destroys the Tower of Babel and confuses its builders humanity, though in fact our linguistically, even floods the equally evolved species, certainly first great surprise in rereading it world, lest humans become like gods, as if he is afraid of the ation. And just as the Bible the tree of the knowledge of good potential of his own creations. makes humans subject to God's These may be the actions of a jealous, but hardly of an all-loving God. Or even an all-knowing one, as presumably when he created humans he could have lim-

et me return to the message of those 31 paragraphs in the context of **⊿** how modern science understands origins. The sequence of creation of the universe from nothingness, culminating after six days in humans, is not so far adrift from Big Bang theory, as I understand it, except that as scientists we are allowed motives strike me as particularly to answer questions about what second rather than the first ver-

quarters. To one, I seem a blas- elevated. He expels Adam and happened before the Big Bang by sion; as Milton put it, Adam's saying we don't know, rather task is to serve God, Eve's God in than that God did it.

But for biologists, humans are merely one among 15m or more not the unique pinnacle of crewhims, it also gives them domination over nature and all other creatures in it - a philosophical outlook which has until recently been central to the technological drive that is so central a feature

ation story is that of the relationships between men and women. Even within the 31 paragraphs, there are two versions: in the first, God creates man and woman; in the second, he creates Adam and then Eve as a helpmate to him. The Judaeo-Christian emphasis, and the science which follows it, has been on the

A further theme within the cre-

him. No wonder there has recently been an attempt to restore the role of first woman.

apocryphally Lilith. Finally, there is the Fall, Eat of and evil. and consciousness enters. The implications here have shaped both theology and the assumptions which have been incorporated into much modern philosophical and biological thinking - of predestination. determinism, free will and original sin. Today's evolutionary psychologists argue that why we do what we do, for good or ill, is written into our selfish genes whose interests have shaped our evolutionary past - hence deter-

But, flinching from this prospect they suggest that perhaps we can rebel against the tyranny of these genes - hence free will?

rebel? From the Bible, the answer is that God gave it to us. And, in essence, ultraDarwinists have no other answer, except to adopt a quasi-religious one. Me, I'm a thoroughgoing materialist. If we have the power to choose, that choice too must be inscribed within our human and biological capacities, given, not just by our genes, but by the self-organising. creative way in which each of us. as biosocial beings, constructs our own developmental trajectory, our lifeline. This I believe to be the message that a reconceptualised biology can provide about the nature of being human. But to understand and live it fully, we need to transcend our Judaeo-Christian and reductive scientific traditions.

Other writers contributing introductions to the Canongate LI Pocket Canon books from the Old Testament, published on October 1. include Dorts Lessing (Ecclesiastes), Louis de Bernières (Job), Fay Weldon (Corinthians) and pop singer Nick Cave (Mark). Steven Rose is professor of biology and director of the Brain and Behaviour Research Group at the Open University. His book Life-

Scribe who never grew up

Nigel Spivey finds Norman Mailer in short supply of irony

has heft. Ernest Hemingway once whacked a critic with such hard copy. Since Norman Matter has so pet monkey, the chance is alive for this compendium to

prefers the headbutt: the clangour of his mighty cra-

THE TIME OR OUR by Norman Mailer

Little Brown £25, 1,286 pages

nium upon the bonce of some lesser mortal. The Armies of the Night. maraccount of how he meted out shalled for the anti-Vietnam just as they were both pre- novel as history", and the paring to appear on a chat author as third-person proshow is included in Mailer's tagonist of history: and it self-selection of his work to worked. Here was Mailer's celebrate his 75th year. dream come true: the writer Vidal's offence? To have as megaphone man, controlsuggested that Mailer was ler of crowds - political aniviolent, Mailer's response? mal. Headbutt the smarmy fag-

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The gift of irony has not been conferred upon Norman Mailer. Everyone knows his chat-show persona: braggadoccio exhibi- him wants to be out and tionist promiscuous opinionspout. But in his mellow planting punches. Then years, some quiet sense of there has been steady finanself-mockery might have clai pressure: a chorus of exbeen expected to settle; some autumnal responsibility to clip those florid displays of together with Mailer's deterverbose ebullition.

per of repentance on his 50 per cent dross. capacity to discriminate his hot potato through a small is indeed a monument: like such shrewd and colourful some tragic piece of post- nuggets: but his verbosity missioned

ere is the book to almost electric thrill his prose occasioned then. It sive weapon. It was quick, muscular, attuned and exuberant: his own first novel (The Naked and the Dead, which impacted him as a talent in often played Hemingway's 1948), was swashbuckling enough for any boy to relish. That debut deserves a place in this chronicle of excerpts: However. Mailer usually if only because it describes a prehistoric sort of combat in which Marines could land on an enemy beach without the amassed TV cameras.

Mailer's most rancorous detractors could not begrudge the fact that his sharp-reflexed style would hit the mark again. The that treatment to Gore Vidal mood of 1967-68, gave us "the

lainly Mailer has always viewed the limp-wristed vocation of writing as not quite his: a big part of about and digging ditches or alimonies. Put those factors mination to be both hero and The fault of this volume is scribe of his own epics, and that it has been assembled the result is a life's work by a man without the whis- which now looks like at least

ously doubt Mailer's own that can manage to pass a best times from his worst. crack." Mailer's high-profile The resultant lumpen mass journalism is embedded with war architecture which we when strewn across 1,200 wonder why was ever com- pages shows its slackness. too. "I was feeling as relaxed My notebook tells me that as a piece of spaghetti I first read Mailer in 1978: cooked in wine," he will tell and I can still remember the us. He might have added:



shoulders. True, he gives us "Bureaucracy is the only sentence for a whole para- old man's mind - which Writing about rutting is So. his times. But we must seri- form of human organisation graph - without repeating a include Mailer's homage to intrinsically repetitious: and

single word? In content, the most fla-

the lesser Miller, ie Henry.

Shrill as feminists may grantly commercial and have been in battering the intellectually facile of the reputation of Henry Miller, books excerpted here is Mall-er's "factoid" portrait of right. Maller's defence only Marilyn Monroe: patently succeeds in showing that veined with the author's Miller never wrote about

Key player in the game

want to see how I run this the title itself revealing an many boles to be plugged. 300,000 cheering subjects).

"repetition kills the soul". ancient Egypt, Mailer has us, is indeed the great Ameronly written about America, which gives this tome a curiously parochial feel (though Bill Clinton's popularity is own sexual envy of Arthur some erotic state of inno- nicely glossed by an anti-Miller. The most dated cence in the Garden of Eden, quarian note that Pharaoh sion to draw from the col-pieces come under the sec- but a patriarchal primal Rameses II once revealed a lected Mailer. Some boys pieces come under the section "Women's Liberation" - state in which women are so mighty erect phallus to take a lifetime to grow up.

America's last half-cenas Mailer himself warns, tury, according to Mailer, ends back on known shores. Save for one flight into Huckleberry Finn, he tells ican novel. Bret Easton Ellis's American Psycho is. he declares, vulgar artless sensationalism.

There is one weary conclu-

The body and the soul

Richard Skinner on the effects of illness on the individual

n a recent discussion about the role of illness in modern times, Rabbi Nachman Bulman, the spiritual director of the Ohi Somayach Yeshiva in Jerusalem, suggested that suffering has come to take the place of prophets. He argues that illness can "teach us by pointing us towards our inner lives rather than our external

This is very true in Simon Hattenstone's case. Bls book, a lucid account of an alarming illness, has little to do with the illness itself, but everything to do with how he copes and what he found in himself while

As a nine-year-old boy, he woke up one morning with a thunder-and-lightning as did "violent vomiting, outrageous temperature. stiff neck, light aversion, total appetite loss". In no time at all, he had lost haif his body weight.

As he became isolated from the world, Hattenstone was forced to find ways of keeping sane. He was bought a punchbag by his family and instructed to "give it a good whack" whenever he felt like it. He would keep himself beautiful in his own mind by identifying with Marc Bolan and Roy Wood. listening to their records, drawing pictures of them and dressing like

The family doctor thought the illness psychosomatic and proclaimed the boy a "bleddy malingerer". It was only after months of further misdiagnoses, negative testing for various conditions and medical bafflement that he was found to be suffering from viralencephalitis, an extremely rare inflammation of the brain.

Hospitals, which became Hattenstone's second home. were sites in which his body was exposed, penetrated and scrutinised. His bodyweight, shape and colour became the limits of his experience. His burgeoning sexuality revealed itself to him in a touching description of a

Psychiatrists are divided

bedbath, during which the nurse's uniform, Afro hair and fingers all become highly eroticised. An exploratory operation on his head just before his 11th birthday left him

cruelly hairless and his response was to begin obsessively plucking eyebrows and pubic hair from his body. On holiday in Spain, he

was given a wig, flares and platform shoes to wear. In the hotel lift, he was recognised by a boy from his school and, when asked if he was Simon Battenstone said: "Simon who? I don't know anyone called

After two years of illness his wish to destroy had begun to melt away and was replaced by a need to create. headache, which stayed with He "trepanned" his brain by him for the next three years, writing poetry. His mother's

> **OUT OF IT** by Simon Hattenstone Seeptre £12.99, 254 pages

friend in publishing, Emma, was brought in as a secretary. She typed up his outpourings, discussed titles and layout with him and. together, they planned his

career as Simon John, poet. generous friendship Hattenstone had the good fortune to experience during his illness was with Diane. a 50-year-old friend of his parente

Together they walked their dogs in the park and it was with her that the young boy asked his most difficult questions: "Well, what d'you think, Diane, is God a c*** or what?" In the middle another boy from Hattenstone's school approaches him and talls him everyone thought he was dead. His response is to punch the boy and Diane keeps quiet.

attenstone's memoir remains Similarly clear and frank throughout. He places no amotional distance between himself as a boy and his iliness, which means that he anger he felt at the time rather than inserting any acceptance of the situation

on whether recovery, rather | he may feel in hindsight. The book closes with a paper given by Hattenstone's mother to a outlining the course of her son's illness, and it is with this switch in parrative point-of-view that we understand its severity for the first time. This was in had become an adolescent, l already beginning to

> "reclaim my world". Speaking about his illness now, he says: "Even though

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bout 10 years ago, Martin Shubik, who has done as much as anyone to demonstrate the importance of the theory of games in economics, told me he was convinced that soon a games ics. He asked me who I mies. thought it might be. I tried out various names (all of

not John Nash. librium".

parts of contemporary micro- erature, and gets so much brium and the so-called originator is forgotten. Kuhn-Tucker theorem. The latter provides the basis for largely about Nash himself, ment elsewhere in the world. (although not as absurd as rumours that the politics "her gentle manner probably but one name I would surely the whole theory of individ- the tragedy of his personal

Maurice Peston discovers the real John Nash, winner of the Nobel Prize for economics

What Nash offered, as a two decades in and out of of academic normality. As meets the criteria of original was a staunch friend. Lloyd young man at Princeton in psychiatric institutions, an example, Nasar tells us ity, significance and perma- Shapley, probably Nash's the continuation of their 1975, by which time the boy which appear in Sylvia the 1950s, was a rigorous the-Nasar's superb book), but ory of the equilibrium result. Nobel Prize for economics in joint author with von Nou-makes the chapter on the recipient of the prize in the the last few years John Nash ing from independent deci- 1994, he was living on a very Although I knew about sion-making (in a range from low income in comparative A BEAUTIFUL MIND Nash's great work, I had no two to an infinite number of obscurity. Nasar's book also offers a

idea he was still alive and l participants) in a market knew nothing about his long context. He offered a great marvellous evocation of the history of mental illness. He leap along a path which Princeton of the 1940s, 1950s character, hardly distin- and remains unfinished. To of a part of the academic suishable from "Nash equi- paraphrase Dr Johnson, world, her account may well The two most fundamental strongly embedded in the lit- own right. It was said in The book is, of course,

ual maximisation and clark existence, and the value of the university, was full of Some very good economists dates are taken into account. his recovery", says Nasar. ity is John Nash.

such a work of genius is so become a minor classic in its gitimate son of the Kaiser. All of that is permissible.

by Sylvia Nasar Faber & Faber £17.99, 460 pages

fies the concept of price, his contributions to eco- eccentrics who I, in my have won it, but for others it What happened in Nash's theorist would be awarded which is the essence of nomic theory. Diagnosed as younger days, thought of as is hard to believe that their case was worse. the Nobel Prize in econom- decentralised market econo- a paranoid schizophrenic in crackers but were appar- contributions will stand the There are several heroes 1959, Nash spent the next ently still within the range test of time. Nash's work in this story. Harold Kuhn

prize so astonishing. The committee rightly him. But the true heroine new and valuable and, I took advice on the importance of games theory in economics and some members have him committed. She cially that portrayed here is world for two or three of the Swedish academy took rejected electro-shock treat-full of people vying for years, I felt I understood it was almost a mythological started with Adam Smith, and 1960s. As a description mann of the Theory of the opportunity to call into ment. Subsequently it prizes and desperate for rec-Games and Economic Behav- question the scientific became too much for her, ognition. However, the pariour, claimed to be the ille- nature of economics itself. and they divorced. Nasar's account of the But to raise one candidate's intensified when their son worth playing it is whether those days that a random 50 Nobel Prize award process is mental condition, even if in also developed schizophre- in a 100 years anyone will economics are Nash equili- taken for granted, that its per cent of Princeton's math- fascinating and disturbing. I due course to dismiss its rel- nia. Later, while short of know your name or what emanes department was bet- have always regarded it as evance, was outrageous, money and heavily bur- you did. There are many ter than any other depart- verging on the ludicrous There have always been dened she took Nash back - great figures in this book:

The difficulty of her life result of the only game It, and much of the rest of the prize for literature). and the nationality of candiplayed a substantial role in bet on for academic longev-

than remission, is possible. Nash himself believes that his recovery/remission was willed by himself, and that | medical conference the many different treatments he received contributed nothing. The last chapter of this book leaves one with a great sense of sadness, especially because of When he was awarded the that Oskar Morgenstern, the nence. It is that which main rival, and a likely son's illness. Despite that, in near future, stood up for and Alicia have developed a was Alicia, Nash's wife. She would hope, happier life. had to take the decision to The academic world, espe-

ticipants can never know the



Those dogdays of scandal

Patti Waldmeir charts the ebbs and flows of the US Supreme Court, keeper of the civil religion

times in US polimay yet have the quences. But small times. none the less, in the big picture of US nationhood.

So do yourself a favour: lift your gaze, for a moment, pitiful, gut-wrenching nationhood, defined themfrom the small print, the sexual minutiae of presidential life, and let history be your

Consider the noble course of America's long political embryo. But it provides conversation with itself over the grandest of issues, liberty, equality and the pursuit of happiness - and ignore for a moment the tawdry national gossip session tral participant in the grand Which threatens to debase it.

Of course, the debate over resident Mill Clinton's Mis behaviour and deceit purports to be part of that grand conversation. Certainly, it is above the pettiness of partiframed in the largest of san division - as the keeper terms: Clinton is accused of of America's core political the rule of law - the gravest of crimes against the constitutional order.

Many Americans, especially outside Washington, still find it hard to believe

ris Murdoch once

defined an artist as "a

dog sniffing the air

before an earthquake".

From the 1950s to the 1970s.

each age must choose its having defled and defiled own definitions of abuse. through his conduct. tics. Times which And Clinton may yet become the first American president largest of coase- in history to offend so seriously against the constitutional order as to be removed from office.

> It helps - at such painful, moments in a nation's life to keep in mind the grand design. John Semonche's new book came out when the present crisis was still in what is wanted: a big picture account of the shaping of American society and culture, and of the role of the US Supreme Court as a cenconversation.

of the court - arguably the tutions, designed to rise promise of fair and equal

Semonche traces that creed from its genesis: as a tie to bind the peoples of one of the world's most diverse nations. "From the beginning, Americans, lacking any traditional basis for selves in terms of ideas liberty, equality, and repub-

KEEPING THE FAITH: A CULTURAL HISTORY OF THE US SUPREME COURT

by John E. Semonche rman & Littlefield, \$39.95, 608 pages

lican government..." he Semonche paints a portrait writes. They pledged alleiance to the time of law, and grandest of US political insti- it bound them as a nation. Obsession with the law has been a defining American characteristic almost since the beginning: Alexis abusing power and sullying values and promoter of a de Tocqueville, the French "civil religion" which is student of American culture, peculiarly American. That remarked upon it in the 19th religion, he argues, is based century; visitors today are on the rule of law and the struck by the manic litiglousness of American life. treatment for all. It is that But Semonche focuses on the Founding Fathers essential American creed the bigger picture: how have wanted things this way, But which Clinton is accused of the law and the justices con-

the country's unique politi- the power of Congress to ban cal culture.

He rehearses the basics: the Supreme Court was created as part of a system of institutional checks and balances designed to prevent the state from oppressing the individual citizen. It derives its authority not from natural law, but from the US Constitution. Its role is to interpret the words, grand and vague, of that document as amended over time, and to test the laws a constitutional right to own and policies of the elected branches of government against that standard.

He follows the halting path of the court, as it constantly redefines its role: sometimes shaping society vigorously (during the civil rights revolution of the tion of the so-called Recon-1950s, 1960s and 1970s), sometimes refusing to shape it; sometimes deferring to the legislature, sometimes blatantly usurping its role. It is an institution which sometimes leads, sometimes follows - and sometimes even misleads, as it did with the famous Dred Scott decision

of 1857, which helped precipitate the civil war. The case of the slave Dred

tributed to the creation of Scott was viewed as a test of forces - social, political and slavery in new territories outside the old South. Semonche paints the court's dilemma, faced with the task of balancing the slave's right of liberty against the slave-owner's right to the slave as his property - both pro-

tected by the constitution. In what was arguably the court's worst decision, the chief justice fell hard on the side of the property right. declaring what amounted to costly to maintain "separate but equal" facilities for slaves. The court, charged blacks. He traces the ebb and flow with fostering unity, had instead hastened the course

Semonche turns next to the new constitutional order tive action revolution of the which emerged from the 1970s and 1960s, to the reverashes of war. With the adop struction Amendments, which laid the basis not only for an end to slavery but for the rights revolution which occupied the court for most of the last half of this century.

Much of the book focuses on race because that is the issue which, more than any other, brought the court to the forefront of American life. Semonche analyses the legal - which influenced the key decisions on race, from Plessy v. Ferguson, the 1896 case which condoned the Southern practice of "separate but equal" racial segregation; to Brown v. Board of Education in 1954. which made school segregation unconstitutional: via a number of less known decisions by which the court altered the economics of segregation, making it simply too

of the integrationist tide. from the advances of the 1960s through the affirmasais of the 1990s, which have seen the court begin to return to its original focus: defending individual rights. rather than the "group rights" fostered by affirmative action.

Free speech, abortion, freedom of religion, states' rights - Semonche puts all the important cases into cultural perspective. It is a welcome relief as the dogdays of scandal give way to crisp autumn days of crisis.

Fiction / Joan Smith

Fascinations and fantasies

Crazy, the latest novel by acclaimed American author Joyce Carol Oates. One is to approach it as a bleak, though ultimately hopeful. exploration of the effect on an impressionable young woman of emotional loss. The parrator, Ingrid. appears on the opening page of the book in shackles. shuffling along to see a doctor in the hospital wing of a prison. She is not a junkie. but she has had a habit since childhood of scarifying herself - picking at bites and scabs, scarring the

her mother. At school she was known as "Doll-girl" but in prison, as a result of the terrible, anspecified things which have happened to her, the other inmates taunt her with the insult "Dog-girl". This nickname, with its obvious pornographic potential, is left unexplained until much later in the novel. as is a great deal else. Instead logrid tracks back to one of her earliest memories, a ride on an aircraft with her father, a disturbed Vietnam veteran, at the controls.

beauty she inherited from

Oates's style in Man Crazu is conversational, fragmented, an attempt to unfold Ingrid's story as she herself might tell it - is telling it to her therapist-fiance, in fact, as we discover at the end of the novel. Equally balanced between insights and evasions, did not know he had for, in Ingrid's account describes one of many bizarre plot growing up with a lovely, twists, the girl has been feckless mother and a mostly absent father who is At the same time. Dan's oldwanted for murder. Her terror of her mother's beauty. its power over men and the paradoxical dependence it creates, leads ber to disfigure herself - but to repeat the same pattern neverthe-

She eventually fails in with Enoch Skaggs, not just a murderer like her father of his life in a milieu conbut the leader of a satanic biker cult. Raped, tortured, starved, she finally escapes and makes a desperate call for help which leads to a massacre - and her eventual liberation from the past. Oates's intention seems to be to demonstrate the resillence of the human spirit. Yet the transformation works only if readers manage to suspend disbelief.

Allow questions to intrude between her lack of education and her consciously arty flights of language, about the improbability of the sequence of events she describes - and the edifice of the book crumbles. It becomes apparent that the crisis and offers a solution novel's horror of sexual violence is tempered by a fasci- is ingenious.

here are two ways nation with it, that it draws of reading Man on a paradigm of male brutality and female passivity which is the dark obverse of traditional romance. Mon Crazy is unpleasant not because of its violent, sadomasochistic scenes but because of ingrid's unprotesting collusion with them - and with the shopworn theories about men. women and sex which the novel

covertly proposes. It is a relief to turn from Joyce Carol Oates to Leading the Cheers, a frankly knowing piece of fiction from Justin Cartwright. Dan Silas, an advertising man with time on his hands after his company in London is taken over by a Japanese

MAN CRAZY by Joyce Carol Oates Virago ELS 00 282 pages

LEADING THE CHEERS by Justin Cartwright Scentre Eln 04 24h pages

corporation, returns to suburban Michigan for his high school reunion. His sentimental, patronising assumptions about his former schoolmates are detonated by a series of shocks, not least the revelation that his teenage sweetheart. Gloria Swarthout, was pregnant with his child when he returned to England.

There is to be no confrontation with the daughter be murdered by a serial killer. est friend, Gary Beaner, has and now believes himself to be the brother of an Indian chief, the Shawnee Prophet. who died in battle in 1813. In dealing with these developments. Dan has the advantage, as an advertising man, of having spent most structed of other people's fantasies – and knowing how to manipulate them. Leading the Cheers pres-

ents him, at a time when he perceives himself to be drifting, with an opportunity to see himself as his childhood friends see him. Slyly regurgitating clichés about contemporary American life, it also enables him to make a choice about his future. If everyone constructs his or about the disjunction her own internal world, and Dan finds his own to be empty, why not borrow a fantasy or two from old friends? Clever, funny and never quite predictable. Leading the Cheers takes the familiar theme of a mid-life which is as unexpected as it

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voyage into the darkness

to war.

Iris Murdoch's husband mixes tragedy and memory in a brilliant biography, finds Jackie Wullschlager

her novels, with their mix of emotional histrionics and serious purpose, seemed particularly able to express 20th century man's spiritual predicament, his sense of a "religious and metaphysical background so impoverished that he is in . . . danger of being left with nothing of exceptional writing: Ruth inherent value except willpower itself". In an age of liberalism.

individualism and dogmatic feminism, she wrote without embarrassment about mystic-moral issues, about the search for meaning in life, with terminal illness, and about love as the essence of

These subjects occupy us account of his wife Iris Murmore intensely in the mor- doch's descent into Alzheim-

ally queasy, spiritually er's disease, and his everyuncertain 1990s, and they day existence of caring for have found provocative her, ranks with the very best of this genre.

expression not in novels but Iris has the same searing in a resurgence of the conintimacy held in check by fessional form, which over the last year has produced irony and by a rigorously honed style, the same ability Picardie's Before I Say Goodto talk of loss in kitchen-sink bye, John Diamond's C: terms - how to help his wife Because Cowards Get Cancer into her knickers? or fob her Too, Jean-Dominique Bauoff with a "dishonest" drink by's The Diving Bell and the of orangeade and wine? -Butterfly. which is at once bilarious All were written by jourand poignant, making a tender absurdity of life and nalists dying or struggling

But Bayley's book is also John Bayley's magnificent different from the confessional best-sellers of youngish writers. Bayley is 72, a distinguished critic married to Murdoch for 40 years, and Iris is as much the story of Facts. life brightly lived as of dissolution. The tragic undertow adds a rich vein to memories And Fiction. which are exhilarating, romantic - though with no and among the most life-en-

death.

Here is a masterpiece of portrait of a marriage. Echoing with the frissons of old Murdoch and her work. But even if his wife were unknown, Bayley's marvellous, many-toned book would be a classic. It falls into two parts, "Then" and "Now" - the before and after landmarks of any life hit by irreparable loss. At times, the prose of "Then" skips

hancing I have read.

postwar gaiety. It opens on the scene in 1953 of Bayley at his study window watching a "lady on a bicycle" on

the Woodstock Road. "She was looking both absent and displeased. Maybe because of the weather, which was damp and drizzly. Maybe because her bicycle was old and creaky and hard to propel. Maybe because she hadn't

IRIS: A MEMOIR OF IRIS MURDOCH by John Bayley Duckworth £16.95, 189 pages

yet met me?" He fell in love at once, and spent three years persuading her to marry him They were a golden cou-

ple: her first novel came out just after they met; he, six years younger, was at the start of an eminent academic shred of sentimentality - career. To Bayley at 28, it did not look so promising: "She sensed I had next to no knowledge of lovemaking biography, autobiography, a (how absurdly old-fashioned it all seems today!)", while she had a circle of guru/lovjealousies or triumphs, it ers such as Elias Canetti sheds fascinating light on witheringly characterised here as the pretentious

"Hampstead Monster" whom she visited in secret. They drove Bayley crazy as he lurked in doorways, followed them home, tried to be civil to rivals over lunch. He calls them "the evil gods" - they are infuriating too when they appear in Murand dances, so insouciant doch's fiction; Bayley sugand breezily evocative is it gests that writing about of 1950s Oxford, of first love, them got them "out of her intellectual enchantment, system, and finally in a



ease out of her novels too". His own story is related with self-deprecating wit. but gives an intoxicating picture of uncertain love, juxtaposed with a reversal in his role today.

"Could I have felt," he asks, "all that jealousy, ecstasy, misery, longing, unhopefulness, mingled with a fever of possibility and joy? I can hardly believe it ... as I work in bed, early in the morning, typing on my old portable with Iris quietly asleep beside me, her presence as she now is seems as it always was... Not long ago, when I asked if

[the typewriter] disturbed her, she said she liked to bear that funny noise in the morning."

The high moon of this relationship makes a comic tour de force. At their wedding, Mrs Bayley can't work out whether her son is marrying Miss Murdoch or her mother, who gave birth to Iris at 19 and now looks trousers. Our habits have younger than her daughter. The college butler supplies vintage champagne but the honeymoon hotel booked on names wrong ("Twiggy or sailing into the dark: the the Thames is full when the something. Winky, Poo"); voyage is over, and under couple arrive and they are even at this interface with the dark escort of Alzheimdespatched downstream.

cosy and quietistic approach to the matter", though "I found myself wondering how Iris got on in bed with lovers whose approach was more ambitious or more demanding than my own". On children, "we hardly spoke of the question ... Iris's attitude to procreation, as to sex, was not dismissive: it was detachedly and benevolently indifferent. She her-self had other things to do." Bayley, unfailingly modest

about his role, believes only that he released the childlike in his wife, allowing her to babble and laugh as she could not do with her gurulovers, whom she gave up before they married. "She loved to be with me as if we were children again...We have always been child-like together," Maybe this made it easier for him to cope when, in 1995, she developed Alzheimer's disease. Bayley manages her as if she were a toddler.

He washes and dresses her, and "every evening we have the battle of the trousers. She wants to go to bed in them, and everything else she is wearing too. My resistance to this is half-hearted. compared with the determination she shows on the spirit of the book, the reader issue. Sometimes I win, more or less dragging them off... Not that I care about her stories, tragi-comic, gentle. never been exactly hygenic."

The daily highlight is Teletubbies; Bayley gets their cally closer... She is not popular culture, he is comi- er's she has arrived some-On sex, they had "our own cally other-worldly. It is part where, So have I."

of a lifetime's droll acceptance of the quirkiness of humanity - a joy of his criticism - that Bayley views Alzheimer's within the spectrum of everyday human experience. in Iris, he sees an "almost eerie resemblance between the amnesia of the present and the tranquil indifference of the past", when she was cheerfully oblivious to all but

He is good at laughing off the vanity of the world without being judgmental; dazzling at tipping from farce into tragic awareness - trying, say, to get a frightened Iris home on the bus. Most subtle is the rise of pent-up rage and despair, of which we are conscious only when he lets go and screams at her, and we feel release for

For, despite the humour. he is walking a tightrope between life and death, certain his wife can only deterlorate, isolated in the "grimness of our outlook", their intellectual companionship over. Or is it? She "leaves me to work

out my nastiness as if I were a child ... While I am still screaming at her she says: 'Let's go. There now, Bed.' She says this quite coherently. We squeeze together up the stairs, huddle under the cold duvet, and clutch each other into warmth."

And so, in the generous is let off the hook again, It is the most surprising of love masterly and wise in its overarching long view: "Every day we are physi-

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struck. Currently at the Albery, Dame Diana Rigg is giving her Phètire, while nearby Hollywood's Nicole Kidman (Mrs Tom Cruise) is making her West End debut at the Donmar in The Blue Room, David Hare's adaptation of

But there is much more behind these appearances than packed houses and the West End's new obsession with intellectually stimulating theatre. They personify the, to date, irresistible rical success of two tiny theatres, the Donmar and the Almeida, which are setting the British theatrical agenda.

And behind the Donmar and

the Almeida lurks Associated Capital Theatres, in theory just theatre owners but in practice producers and investors, and in large part responsible for the West End revival

The Almeida, in Islington, which created the production of Racine's Phèdre at the Albery, and the Donmar, share the key essentials - they are both run by imaginative, risk-taking, artistic directors - Jonathan Kent and Ian McDiarmid at the Almeida. and Sam Mendes at the Donmar; their theatres are trendy and actor-friendly, and they operate on financial tight-ropes.

The Donmar, in Covent Garden, is the most financially bereft. The Blue Room says it all. It is already a virtual sell-out, with most seats costing a hefty £25. Kidman is appearing for just \$250 a week and there is only one other actor, Isin Glen, But the Donmar seats just 250 people. With a production budget of about £200,000, and weekly expenses of about \$20,000, The Blue Room would need to run for six months to cover its costs. It will play for six weeks.

This is where Caro Newling, the executive director of the Donmar, earns her money. She has interested the big Broadway producer Schubert in the production and it has put £50,000 towards the cost, in the expectation that it will move to New York. There will also be a gala performance of the play, which should raise £30,000. The Blue Room will more than wash its face.

Both Newling and Nick Starr, who manages the Almeida, have to battle hard to turn critical acclaim into cash. The most practicable routes are subsidy, appealing to business sponsors and private patrons, and creating a theatrical product which can be marketed elsewhere.

slight edge on the Donmar. For a start, it has 50 more seats. But, more vitally, it is a long-term cli-ret to a big West End theatre next ent of the London Arts Board. getting 2428,000 a year in subsidy. It has also done well in attracting this show and could finally profit artistic ambition than financial perform there. sponsors, receiving about from one of its great successes.



Kevin Spacey: a self-out performance in 'The Iceman Cometi

2600,000 a year, much of it from loyal friend AT&T. In contrast, the Donmar was left in the lurch when its main backer, Mercury, suddenly withdrew its £200,000 a year in aid. It has also had to make a case each year for a subsidy of fust £150,000.

However, the Donmar might be about to turn its financial corner. Arts Council report and hopes to be taken on as a regular client, with a higher grant, next year. It is also giving up on the fool's gold of securing one big sponsor and is marketing itself, so far successfully, to a posse of business friends through the Directors' Forum, which gives companies access to the Donmar, and its stars, for £10,000 a year, or less. And it is cautiously experimenting with co-productions.

Traditionally, small theatres such as the Donmar and the Almeida earn little when one of their shows hits the big time: new producers carry the risk and take the profit. Mendes's Cabaret, which started life at the Donmar. is packing them in on Broadway where it has won many awards.

when it moves into profit. There are plans to return Cabayear, in a 22m production. The Donmar will have an interest in

For the Donmar has formed Warehouse Productions, in which Associated Capital Theatres (which happens to own the Donmar) has a 50 per cent stake. Newling is optimistic about Cabaret because the first Warehouse venture, the double bill of The Real Inspector Hound and Black Comedu, has had its run extended It has just received a glowing at the ACT-owned Comedy, and will deliver a little profit.

The theatres have latched on to the new young audience for drama

Two more productions on top of Cabaret are planned for 1999 -Ring Round the Moon and Sud-denly Last Summer. The extra new young audience for drama." ular, the new writing, which they money. The current deficit of dies or traditional thrill \$80,000 should melt away if the conspicuously absent. new drive for sponsors, and the

share of the profits.

co-productions, remain on target. The expansion plans of the Almeida are built more upon the willingness of movie stars to to run big theatres. imperatives. The directors are



keen to develop good ideas, even Ralph Flennes tastes the wide if the finished product does not open Almeida stage and plays actually play at the Almeida: Ivanov there. His friends come to Phèdre started life at the new see him and get envious. They Malvern theatre (with which the fancy a return to real acting, in Almeida has formed a bond) on the theatre, after making their its way to the Albery and will not names in movies. call in at Islington.

So, soon the Almeida is presenting Kevin Spacey in The Ice-The popular support for the Donmar and the Almeida has not man Cometh, which secures headbeen lost on ACT, which has lines, sell-out performances, and eight London theatres to fill. In a West End and Broadway transthe past, theatre owners earned fer, and Juliette Binoche in their money from rent, letting Naked, which also transfers. out their stages to independent Nicole Kidman is appearing at producers. Now ACT is investing the Donmar because she is a in plays, especially those that friend of Sam Mendes and a Donoriginate at the Almeida and mar regular. Donmar. It has given the

To some extent everyone Almeida a special deal on the involved with this cult is collud-Albery until next May which ing in an illusion. The big stars involves the cast, including can afford to work for a few Dame Diana, sarning a small weeks for a pittance because weekly wage, but enjoying, along their next £1m movie role is with ACT and the Almeida, a already stitched up. Other actors, on the same wage, could feel a What both the theatres and sense of exploitation.

income from transfers has The West End is now almost, are obliged to present, has proallowed the Donmar to acquire a completely sewn up by large! duced more duds than hits. The development officer, who will scale musicals or challenging very smallness of the theatres is presumably bring in yet more plays: escapist boulevard come- perhaps their greatest asset - it gives them a cachet, the audience feels select. What is undeniable is The achievements of the that Sam Mendes, Jonathan Kent Almeida and Donmar have been" and Ian McDiarmid show no oiled by one additional factor -: desire at all to be tempted away

> They really do believe that It is a self-perpetuating cycle, small is beautiful.

Water lilies complete with shock value

Victoria Griffith finds Boston's Monet exhibition rises above the hype to offer new insights into the artist's work

make museum Claude Monet may be the of Arts in January, has most popular. His paintings have been reproduced ad infinitum on ties, trivets, tote-bags and T-shirts. Monet images seem to have been imprinted on our brains the '90s", organised eight since childhood. Who cannot years ago with the Royal conjure up at least a few memories of his works?

Unfortunately, such familiarity runs the danger of breeding contempt, which bees the question of whether "Monet in the 20th Century". opening tomorrow at Boshas anything new to say about an artist many feel they know only too well.

sionist artists that the year in the US. The turnstiles turn, to London's Royal Academy already sold more than 130,000 tickets, to buyers as tralia. The Boston museum's last Monet run, "Monet in Academy, pulled in a crowd of 538,000.

"There are people in my office coming to this who, as far as I know, have never set foot in an art museum before," said Alice Fuld, a reporter with the Keene Senton's Museum of Fine Arts, tinel, a small-town New Hampshire newspaper. There is tremendous hype

surrounding the event, not For some, breaking new all of it in the best taste. The ground may be beside the museum is sponsoring a point. Monet in the 20th Monet Getaway package an artist who controlled so Century" is an event, and with Amtrak's train service, carefully the public's viewmay very well turn out to be and local hotels and restau-

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23 – 27 September 1998

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ton corporate sponsor for the exhibit, which will move on show, has a web site devoted for the exhibit. Here, visitors to Monet, including e-mail can purchase Monet kaleidopostcards of the painter's works to send to friends.

> There are people in my office coming to this who have never set foot in an art museum before'

in a display of commercialism that would no doubt have proved mortifying to ing of his art during his life-

ST JOSEPH'S

HOSPICE

MAKEST FOWDON, ER-827

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And bade it bloom ther

Surpl Total College

र्द कर जात जिल्लाके **क**र्व प्रमुखनाहर

we are able to bring peace,

aix राज्ये (कार्यार) के केर प्रशासकी है

so that death are indeed

'कार को जिस्सी कर'

Sale Sales

f all the Impres- the best attended show of rants. Fleet Bank, the Bos- time, the museum has set aside a large gift room solely scopes, refrigerator magnets. plates, serviettes, even a Monet "counting" toy.

Yet, despite the show's place in a seemingly endless round of blockbuster Impressionist exhibits, formed for the primary purpose of fill-"Monet in the 20th Century" has scholarly pretensions. The exhibit lives up to some The subject matter itself -

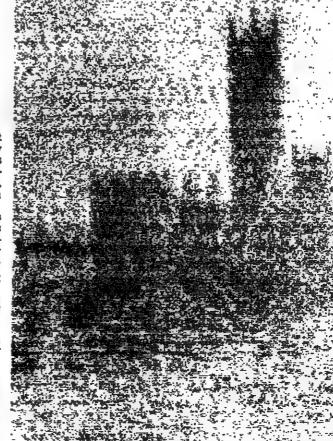
the artist's later works - is more daring than much of the fare in Impressionist shows. In his advanced vears, the French artist was a contemporary of Dali, Matisse and Picasso. He lived to see the rise of avant-garde movements such as Fauvism, Cubism, Dada and Surrealism.

Many of his later paintings seem to flirt with modern abstract art, although scholars point out that Monet never considered his work abstract. In his own view, he was merely pushing the mantra of Impressionism rendering images of natural landscapes through careful study of light and air - to

the limits.

"Monet in the 20th Century" offers some expected works, including images of London's Houses of Parliament and Venice. Yet even for the Impressionist-weary. the show may prove surprisingly compelling

exhibit out thoughtfully, in ings from 1903 to 1908 is a These are big, bold paint- old friend.



ence, although much of the splotches of brilliant colour impact may be lost once the splattered across outsized hall fills with crowds.

works. Paintings that seem his career. thus displayed, it becomes tlety that is at the heart of Monet's work.

The museum has laid the needed shock value. Moving until his death at the age of from the Venice paintings, 86.

lyrical and moving experi- ings, with broad strokes and canvases. The show ends, in Perhaps no other artist a final flourish, with a colbenefits so much from the lection of the even larger juxtaposition of his own wall works that concluded

so much alike when seen at In the whole. "Monet in one museum, then another, the 20th Century" may not are readily distinguished be the revelation its organiswhen shown side by side; ers hoped it would be. While some of the works are sureasy to appreciate the sub- prising, much of the fare is familiar. Yet for Monet fans, this should be no obstacle. The later water lily room, "Monet in the 20th Century" with paintings from 1914 to reminds us that the artist 1919, gives the show some was an innovative painter

spacious, airy rooms. To we feel we are viewing a film It also gives us a chance to enter a gallery filled with 24 that has skipped a few reels, take a thoughtful, if not of Monet's water hily paint- so drastic is the change, completely fresh, look at an



Fascination

garage graphs

Mary Sec.

and fantasies

使变成

Television has tended to fail at precisely the point lope and Mantovani? Whatwhere you might expect it to be strongest: middlebrow culture. There is nothing new about this. For years BBC radio has happily run the world's most highbrow cultural network, the Third Programme, now called Radio 3, and the Light, now Radio 1, which aims for

Television / Christopher Dunkley

Embarrassed by the close-up

music. To put it bluntly, idea of a network offering suited to righting the bal- micky. Two Russian "art- the work of a thousand nies concerning sex are popular classics, as in ance. The opening procommercial broadcasting in France or the US, has been gramme was about televiconsidered anathema. Now sion dramatist Dennis the BBC is desperately wor- Potter. This week's, sub-tilowbrow tastes - and not ried by the success of Clas-

> they feel should be their rin historical novels, and own tastes, and happy to Radio 4 serve the admass, but deeply uneasy about the middle to lay hands on a preview class world of Joanna Trol- copy of the Radio 4 proever the reason, it is this middle ground which has often been overlooked. Even ITV's South Bank Show has tended to do as much about the two extremes as about the centre.

> Now BBC2 has begun a Wednesday evening series facts themselves, as in this called Close Up, which at week's "People's Painting",

> tled "The People's Painting", sets out to establish Is this because the arts the nation's favourte tastes graduates who have run in art. Other editions will British broadcasting are deal with Patrick O'Brian, happy dealing with what author of the Aubrey/Matu-

> > It has proved impossible gramme, about which the BBC seems peculiarly sensitive, but having watched several of the others I have to report, somewhat disappointedly, that attitudes hardly seem to have changed. When Close Up deals with the cultural arte-

ists" are sent around Britain to consult members of the Women's Institute, a salesman in Selfridges and so on, in order to create "the

The programmes leap like scalded cats away from the work

people's painting", a joke containing all the "favourite" constituents an outdoor scene with lots of blue, animals, and a family group. It seems that those BBC arts graduates are still appalled and embarrassed by middle-

painting clubs and local ummer exhibitions.

that the artefacts are going to be far more difficult to ridicule, as in the case of Potter's dramas or O'Brian's novels, the programmes leap like scalded cats away from the work itself to concentrate, ad hominem, on the artists. Thus, with Potter what we were offered was not an over-view of his life's work, which would be feasible given that his life ended early, and that most of his work was for television. We

rounded view of the man. Instead, the programme went for a full-trontal on the one aspect of Potter that has already been probed ad infinitum in the printed biographies: his sex life.

were not even offered a

interesting, but no more so than his attitudes towards Then, when it is obvious religion or politics. Potter was one of the most significant writers produced by television, and it is distressing to find television so inadequate when it comes to assessing his importance within British culture.

> The situation is much the same when it comes to Patrick O'Brian. His 19-novel sequence, beginning with Master and Commander, provides a fascinatingly detailed view of 18th century life as seen through the eyes of Jack Aubrey, a captain in the Royal Navy, and his friend Stephen Maturin, surgeon, naturalist and spy.

> O'Brian writes about human relationships with as much delicacy, insight and bleak honesty as Jane Aus-

ten, and about naval battles more excitingly and vividly than anyone else. His knowledge of natural history is extraordinary. Taken together his abilities and achievements should put him at the very forefront of English writing today. Instead he is bracketed with C.S. Forester and Hammond innes because of his subject matter, and largely ignored by the literary world because he is popular.

True, the estimable A.S. Byatt does her best in the programme to convey some of his qualities, but the real effort is put into showing what an old-fashioned and reserved type O'Brian is. Efforts are made to show that he may invent his family background, and we hear about the spin-off industry: the favourite music of Aubrey and Maturin on CD; a Jack Aubrey cookbook; an O'Brian lexicon. By comparison, the actual books go virtually for naught.

But then they are awily awfly middlebrow, and this is triffically superior British

Pride and

ext Thursday, for the 30th time, a shortlist for the Booker Prize for Fiction will be announced. flattering a few, angering some more, and spawning much newspaper speculation. About £50,000 is likely to be wagered on the judges decision. The prize (and a cheque for £20,000) will be awarded on October 27 at the conclusion of a lavish dinner. The event will be broadcast live; last year. Channel 4 estimates, 600,000 viewers tuned in.

Watch any prize-giving ceremony with an ungener-ous eye and you see pride, envy and the pain of disappointment occupy centre stage. It's all good television. The ceremony is broadcast to promote the prize. And the prize is awarded to promote literary fiction. And to promote the name of Booker plc, the UK's largest wholesale food distributor. Lose sight of the principal aim of the prize (publicity), or confuse it with the business of making literary judgments, and the result is bewilderment and annoyance.

There's plenty of both every year in the UK during the Booker cycle, when prize and process are dismissed as arbitrary, invidious, vulgar. The grumbling is a sign that the promotional strategy is working. So is the boost in bookstore sales. But the yearly Booker controversy echoes only faintly in New York, where the reputation of the prize remains unsullied by squabbles. To US publishers, the Booker sends an unambiguous signal; it is known as a prize that rewards literary merit.

The US has its share of distinguished prizes (the Pulitzer Prize, the National Book Award, The National Book Critics Circle Award), but none has the commercial clout of the Booker, Each of the US prizes is split into several categories - there's a Pulitzer awarded for fiction, non-fiction, history, blography, poetry, and so on. This proliferation muffles the impact; no single prize rivets

iten a novel will get a big lift from US prizes. In 1992. a National Book National Book Critics Circle Award made a best-seller of Cormack McCarthy's All the Premy Horses. But in other cases, the net gain is hard to gauge. Philip Roth won a Pulitzer last year for American Pasioral, but without spectacular results. Charles Frasier's Cold Mountain won last year's National Book Award, but the novel was already perched comfortably atop the best-seller list.

When Jane Hamilton's The Book of Ruth won the prestigious PEN/Hemingway Award for best first novel in 1989, it sold a modest 7,000 copies. But after Oprah Winfrey chose the novel for a TV book club, a million paperback copies rushed into print. To the US literati. however, Oprah's blessing makes the cash register ring, but it does not bestow distinction.

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Essential

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Americans would like to have it all: a prize that pumps up sales and adds prestige. And that's what they see in the Booker. A monolithic prize that seems to concentrate the attention of Britain's entire reading public. US publishers regularly track every title on the Booker shortlist. Sometimes, if they own the rights to a shortlisted book, they even plan publication to colncide with the award ceremony.

That's what Random House did with the US edition of A.S. Byatt's Possession, which went on to sell 100,000 copies in hardcover. Winning the Booker last year smoothed the transatlantic passage of Arundhati Roy's The God of Small Things: the hardcover coasted on the New York Times best-seller list for 31 weeks. To appreciate the Booker, you may need to be an ocean away from the judging process.

Adam Begley

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Mirrors with a view on how to stretch and exploit

Jonathan Miller makes much of Reflection at the National Gallery. William Packer surveys his show

Exhibition at the National Gallery. Jonathan Miller has most enviably been given the run of the collections of the National Gallery itself, and also the opportunity to bring in significant loans from elsewhere.

His chosen theme is Reflection as it is manifested in painting, drawing and, to some extent, photography, which thread he has been able to draw selectively through the entire canon of European art since the Renaissance, with the odd nod to Japan by the inclusion of Utamaro's elegant couple stooping over a pool of water, and an entertaining digression into anthropology and the early learning processes of children and

the higher ares. His is clearly the rational instinct of list, category and sub-division, of order, analysis and explanation. To him a mystery is something to be penetrated, and all the better in being explained away - or so it would seem from the earnest and exhaustive address with which he attends his subject.

And so he sets out his argument, sub-section by sub-section, from "In, At and Through", "When is a Mirror not a Mirror" and "The Gleam in the Eye", through to "Shape from Shining". "Virtual Surfaces", "Self-Recognition" and "Self-Regard". "Mirrors, like windows, offer us views," he tells us, "but while the space we see through a window is real, what we see in a mirror is a virtual view of something which lies behind

It is easy to mock the glaringly obvious, but even the obvious is sometimes worth saying, and the good doctor's

he BBC's game of

musical chairs with

its arts presenters

probably stems

from the corporation's indif-

ference to the whole thing.

s guest curator of infectious, carrying us along. from the surface it animates, optics - a little more would perhaps have been useful. He makes practical demonqualities of surfaces from matt to shiny. He points out that the curved, enlivening highlight in the eye is, in fact, reflection from the cornea, which on close inspection reveals a tiny yet discernible image.

That now conventional split-highlight, the unthinking graphic commonplace of any description of curved and shiny surface, derives, he suggests, from the actual

And here, for all Miller's efforts and enthusiasms. are no discoveries but the things themselves

corneal reflections of window-frames noticed by the early Flemish masters. He ponders the phenome

non of the invisible plane surface, whether of glass or water, made palpable to the eye by place and function the horizontal surface of Jan van der Hevden's canal established and made convincing solely by what is intrigued by the qualities of shine and sheen, and notices they depend entirely upon their immediate pictorial context.

As he demonstrates by the two remarkable paintings by Johann Hummel, of the huge polished granite bowl set up in the Lustgarten in Berlin

He gives us something of or isolate the element of the shine itself, and both immediately go dull. Is that a picture, he is always asking stration of the reflective himself, or a looking-glass, or a hole in the wall. There is Jesus in the house of Martha, but where is he quite, in the young Velazquez' great painting of the kitchen maid? Is that really the room beyond, or the reflection of the room behind?

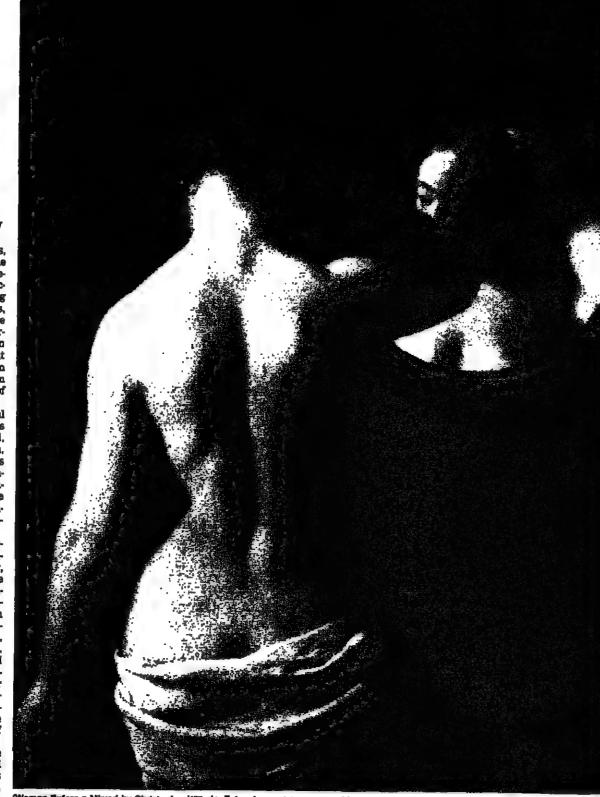
It is at this most practical level of inquiry that Miller is at his most engaging and, persuasive. And if he then, through the rest of it, runs the gamut of more conventional art-historical and iconographical interpretation, he ingly eclectic and unsnob-

bish choice of examples. Here, in a room of self-portraits are Orpen, and a splendidly heroic young Bratby, of all people, to set beside Freud and Reynolds. A magical silvery still-life of Wil-liam Nicholson stands with Kalf and Menendez. A wistful allegory by Waterhouse. along with Caillebotte, Ingres, Whistler, Matisse and Holman Hunt, gently illumines the idea of another self and another world -"And moving through a mirror clear/ That hangs before her all the year/ Shadows of

the world appear". And if the mirror as the attribute of Prudence and Self-knowledge, of Narcissus and deceptive Self-regard, and of Venus and Mary Magdalene in all their erotic complexity, should seem old hat, the examples given are wonderful none the less: Kroyer's intimate portrait of his young wife: an unattributed 17th century French allegory of Justice and Vanity in the person of a serious, lamp-lit young woman; Velazouez' Rokeby Venus: Bor-

done's strangely apprehen-

sive Venetian courtesans;



useque and in good company at London's National Gallery

mirror; and so much else. But painters have been up to such tricks since painting began. The greater mystery remains, that by laying the physical stuff of paint upon a plane surface, the artist opens up what Miller would call a virtual world beyond.

a space informed by light

and Eckersberg's statuesque that is no space at all, just reflecting back into it - and young lady, naked before the like that other strange world - where on earth is it? Beyond, beneath, within, through the looking-glass?

A painting is itself a kind of mirror, the stuff of fancy and illusion, and if the painter should choose to accept the image and function of the mirror within that pictorial space, thereby

so to us - that further world beyond the reflecting glass. then he is merely doing what is at once a most obvious and yet intriguing

thing. He plays with it, stretches and distorts it, takes liberties with it, as he has always done, and grasps and exploits intuitively its implica-

tions, And here, for all Miller's efforts and enthusiasms, are no discoveries and no surprises but the things

Mirror Image – Jonathan Miller on Reflection: The National Gallery, Trafalgar Square, London WC2, until December 13. Sponsored by

blood-suckers made me won-

Radio / Martin Hoyle

Saturday night's all right programme; and Joan Bake- pleasure of hearing English Nary a syllable. Given that Stephen Fry's opening rant gentleman's relish. It has the

Certainly most of my televiston-viewing friends eventually steered clear of the box's coverage of the Edinburgh through Hello!-style inter- Scots accent. Festival, once it became plain that BBC2 saw it as a views with long-suffering musicians is now intoleracongress of stand-up comedi-Meanwhile the same old famous pianist's Private Passions has been shelved voices go round and round a recent solid block of Natabecause it is "too serious" for Radio 3. When was anylie Wheen in adjacent programmes on Radio 3; Jenni thing too serious for Radio Murray, sighted on the same 3?)

channel presenting a music And, of course, the unavoidable James Naughtie. He hosts Artists' Quesseries, a sort of Any Quescians. Last Saturday's politicians. opener was that rarity at this time of year, a programme from Scotland within it. Heads will roll.

After an ominously banal

start (no less than two stoble. (It is rumoured that a ries about socks from composer James MacMillan), it proved pleasant, though in the good old days would have been deemed fitter for Radio 4 than 3. One felt the panel (completed by Margaret Marshall and Iain Burnside) were capable of more serious discussion, and tion Time, a new Radio 3 at greater length; but Naughtie nudged them on as enthusiastic and blessedly tions with a panel of musi- if they were procrastinating

He also irritatingly announced a piece of music by Mumble Mumble; replay- autopilot. out a single stand-up comic ing the tape, I discovered it was Harold Noble, whose It came from Glasgow and "Sanctus" was interesting fry-up struck me as too rich berate after the revels all are good leech country - posi- loss of part of British heri-

and introducing new audiences to serious music formed a perceptible thread, this was both sloppy and illogical.

Naughtie could take a tip

from Thomas Sutcliffe who chairs Radio 4's Saturday Review. He manages to be both informed and unobtrusive, unlike both Naughtie and his own weekday male colleague. Last week's edition fielded a fresh-sounding, coherent team with plenty to say; which made you realise how much TV's Late Review

is on jaded, navel-gazing The programme followed Saturday Night Fry. This

well, whose bland quacking articulately spoken with a the subjects of accessibility overwhelming - still, better than being underwhelmed as with so much Radio 4 fare. and could change places The programme's tone is now more controlled; one no longer has to grumble ungraciously about too many big names, big minds and big acts crowded into the same

Small craft. ry flung out enough dideas to leave one bemused and, when calmer, actually thinking; John Sessions restrained his equally ebullient talents to a dialogue between the Archbishop of Canterbury and James

The whole programme aesthetic and intellectual words about the composer. find the pyrotechnic fizz of iar, or at least the very best ings brought by the little his voice.

quality of the old Third Programme in frivolous mood with Artists' Question Time ~ except that this would condemn it to dwindling listening figures.

The quality of Saturday listening seems to be rising as surely as the quality of viewing is declining. Robert Robinson's new series, fads and phobias and Divided We Stand, kicked off with a characteris- best cookery book ever - cotically quizzical look at authored by the American correspondence columns in Julia Childs and aimed at the press over the last cen- the American public. Next turv.

clashing forces of the first provided the considerable enough to warrant a few when it started, and I still ended. It is turning into cav- tive rhapsodies on the bless-

der if Stephen Fry had planted a hoax letter in the script. Fifteen minutes is just right for Robinson; less and he fails to crank up, more and he becomes a jug-Waste of the week:

Talking Pictures contacting the English Alex Cox in the US on a very bad line to recommend movies on British television this week. Presumably his location lent him unimpeachable author-

On The Food Programme Derek Cooper talked to an American expert on food another American about the week. Cooper soberly In 1915, the Master of informed us, we will look at Christ's. Cambridge, was the loss of our finest cidermuch distressed that the apple trees, connected with some European Union rulthrows up issues that rever- world war were ravaging ing. He wondered about the tage. There was no irony in



denkmal .

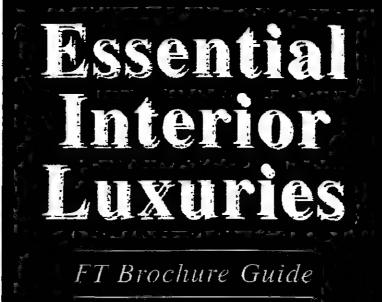
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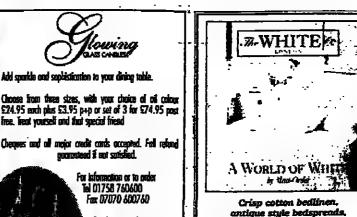


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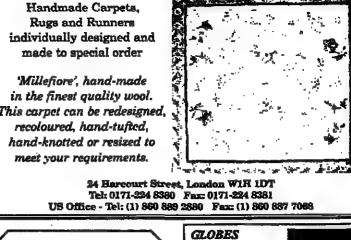
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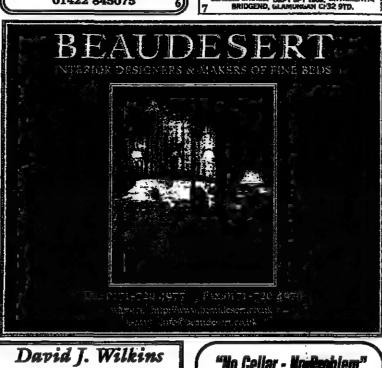
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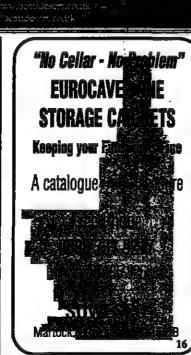
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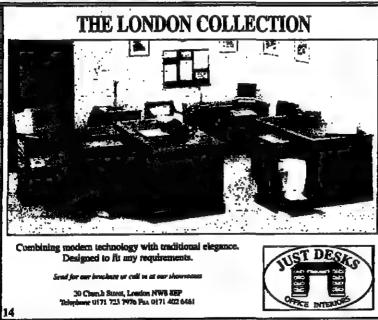




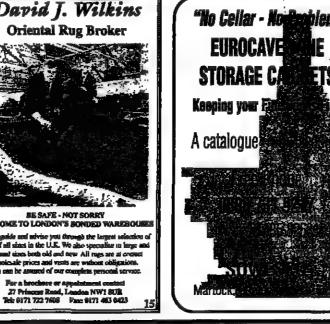




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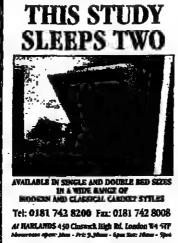
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How to Spend It New York fashion



I came, I saw and, finally, I bought

While taking inspiration from the Japanese, US designers still bear their customers in mind. Sarah Mower reports stare open-mouthed at the don, Milan and Paris, This

his is the week to admit - finally that the fashion system is all out of kilter. The schedule, the shows, the reasoning behind the clothes very little is making sense. But hold on, we'll get there somehow. This week the fashion community gathered in New York to witness the upending of the interna-

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US designers' conversion to mini-revolution has been triggered by Helmut Lang. "Colori". Not only is there the shock of seeing pink year from Vienna and threw where once all was black, the Council of Fashion but just as the stores are all stuffed full of Fail's new Designers of America into grey double-face felted cashdisarray by announcing that The reason we're in New

mere, it is 90°F out there, it would suit his business better to show in early Sep-York is that for the first tember rather than wait time a group of American until the customary Novemdesigners is showing sumber New York slot. tional show calendar and to mer collections before Lon-A new arrival in town. Lang says he had no idea of the effect his action would

> (You can see Thursday's show next week on www.helmutlang.com.) What happened next is interesting for observers of fashion's pecking order. Far from being a marginal Austrian outsider. Helmut Lang has grown quietly into one of the world's most-followed designers. Whenever, wher-

ever Helmut shows, all the

most powerful editors and

have and took his decision

alone - and on the internet.

buyers will be there. Now, here he was in New York, saying he'd show to a super-early European schedule. Calvin Klein and Donna Karan immediately announced they would too. "I have my collection ready in the showroom in Milan and half the world sees it before I can show the US editors," Calvin Klein explained this week. "Designers like Donna and me who sell globally are ready weeks before the New York shows. I've been lobbying for this

change for years." So change we have. Unfortunately, this time round anyway, that also leaves the rump of the US designers stranded at the back end of the Spring/Summer sched-

Still, who cares? From the consumer point of view, which ought (surely?) to matter most, it has, I think, down, virtually seasonless but still very non-corporate, look like a good starting long ceased to matter which



where or for what season. All a woman really wants at that she can act on now, clues as to what to wear with what, an idea about how she can be herself still. but just a little bit more gorgeous or surprising, or, you know, whatever. And by the way, don't make it difficult,

We used to come to the US for just that. You always knew you could look to New York to sort out a system of dressing: that sleek, pared thing that would take you versions of what Rel Kawak- point for millennial tailoring

designers show when or anywhere feeling right. The term for it is sportswear, the easy but luxurious category from fashion reporting is of dressing that passed in a information - stuff to look continuous tradition from the first great US designers of the 1940s through to the late 1980s, and to Calvin Klein and Donna Karan Lately, however, some-

thing peculiar has happened. Instead of evolving an update of the greige 1980s powersuit. which they excelled in, American designers started acting as if they were becoming Japanese. Japanese as in bland,

ubo and Yohji Yamamoto but I still miss her American pioneered in the early 1980s. roots. We are talking asymmetry, The irony of Helmut in the magazines? The long ruckled seams, oddly textured fabrics, unorthodox layerings, bulbous silhouettes. Everything, in fact, that is diametrically oppo-

the American aesthetic - the polish, the streamlining, the cleanness, the sexiness, the modernity.

This week, we are seeing quite a lot more Japanese-derived stuff. At one minor designer's show, which shall remain nameless, my eye strayed on to the notebook of an American fashion editor as some burlap deconstructed dress plodded by. There she had written, out of heaven knows what depths of editorial desperation, the words: "Sexy potato sack".

site to the shining heart of

I don't want to be personal about Donna Karan, but I do tax her with heavy involvement in the Sexy Potato Sack tendency. The two collections she showed this week - DKNY and the main line collection - were all bil- catwalk in New York, that is lowy, asymmetrical, crum- exactly what hits you. pled, raw-edged, gauzy layerings with flyaway skirts, flat can fashion editors in their slippers and not a suit in sight. She showed 72 colours in DKNY and a lot of pink on pink in the main collec-

This from the woman who. in the mid-1960s, bestowed the fashion gift of the decade on her international peer group of rising corporate women: the bodysuit, jacket, jersey skirt and black opaque tights. The all-black wardrobe that literally pulled us together.

Oh Donna, how we loved it. How we lived it. How it got us everywhere we wanted. And how Sexy Potato Sack it was absolutely not

Her new laser-cut jackets

Lang's arrival in New York skirts? The grey on grey? is that he, a foreigner, is The relentlessly flat shoes? What can I tell you? working a style seam that is feeding American aesthetics back into the system. As an outsider, he has perspective on the meaning and value of all-American style - jeans, its sharp A-line macs, knee-T-shirts, relaxed sexiness.

He shows jeans in his collections, and pieces subtly derived from American army uniform, and brilliant pant suits. He, too, showed bright pink silk mousseline pieces layered over dresses and T-shirts, but - and this is high praise in these mercurial and nonsensical times there was also a lot that was unchanged. "I think it is classic really. There's colour there, but in very subtle doses, so it's not vulgar," he said. "But mostly, it's just

what we do normally." Radical classicism could be the way to go now. Sounds about right to me. After all, if you gaze across a

The sight of young Amerianese. Reader, I bought it. working uniform is a big reality check for any designer. What they're wear- £600. ing are knee-length skirts. vests and long brown legs on

but here's my excuse: it was £60, not the full designer Next season, I'm quite little fitted shirts, ribbed sure a lot of women are going to make exactly that

Where are the autumn

trends so mightily vaunted

Calvin Klein seems to

have got this. He's had his

Japanese moment, too, but

this season's CK line, with

length skirts, blouson jack-

ets and simple tank sweat-

After seeing that, sanity

restored, I went shopping. My American editor friends

advised me - the smart way

to buy now, they said, is

high-low. Luxuries with

basics, and never, ever pay

over the odds on a trend.

What you do is your Helmut

pants and your Fendi bag

and your Manolos, but the

I got over there quick (to

160 5th Avenue). There I

encountered, among a lot of

other great stuff, an A-line

asymmetrical knee-length

skirt. It was pared-down in

that American way, but its

antecedents were clear. Jap-

Sexy Potato Sack it may be,

rest is, like, Club Monaco.

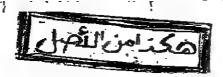
ers, looks very young fash-

ion editor.



New I waded





How to Spend It New York fashion



The design talents of 'Cool Britannia' are making waves on Fifth Avenue, writes Lucia van der Post

Britannia but let's not quibble. Let's just enjoy the moment when, as far as Saks Fifth Avenue, the American store pizazz, a "nowness", and yes...a "coolness".

Britain in style. It not only by his buyers and marketing store's windows as well as a from cutting-edge designers from the British Isles, it also flew in most of the designers and a troop of journalists to join in the joilifications.

Saks didn't do this just because it made an excuse for a great party (which it sense. Given the history of British designers, long tre of the universe."

may by now be very renowned for their talent and creativity, but despaired business sense, this has to be a good reason for a party. Philip B. Miller, chairman and chief executive of Saks

> too much of an investment in time and money for us to have embarked on it just for a lark. We are convinced that British designers have something very special to offer. They're very young, unorthodox and bordering better balanced than most think fashion is the epicen-

But above all, being a hard-headed publicly owned It has been steadily selling designers for some time - it Holdings, hasn't got where tried to buy from Shirin thing British has a certain he is by indulging in extray- Guild, for example, as long agant parties without a seri- as five years ago, but she felt ous commercial purpose, she wasn't ready until two Encouraged and supported years ago. Ever since, she by his buyers and marketing has been a steady seller and relaxed sophistication can

now be found in 17 Saks

Other designers tell the same story: a gentle intro-duction and then increasing success. But last week's extravaganza was also about store in the US to deliver what it calls "a cogent, intelligent picture of what contemporary England is all

As Philip Miller put it, "we wanted to celebrate their creativity with as complete a

it would be foolish to say that a little trot down to Saks Fifth Avenue would bring you absolutely up to date with all that culturally adds up to Britain today. But the selection of fashion designers could hardly be bettered - there they are in ity, resolutely refusing to conceptions of what it means to be a British designer

The cerebrally cool (Hussein Chalayan), the romantic (the Irish Lainey Keogh's gossamer-fine knits, Helen David's sensuous velvets), the baroque (Julien McDonald's knitwear), the artisanal (Christa Davis's beaded skirts and cardigans, Elspeth Gibson's delicate cardigans and knitwear), the metropolitan sophisticates (Joseph, Clements Ribeiro). the rock-chick tailor der McQueen), the traditional (Burberry, Daks, Holland & Holland) - all are

There, too, are the providers of accessories to honour this highly sophisticated take on current fashion: Jimmy Choo and Gina for Stephen Jones for hats, Anya Hindmarch for bags. Significantly, there is no Vivienne Westwood and no

Voyage, though there is a wonderfully beguiling and romantic selection - beaded gowns, devoré velvet, rhinestone-studded satin jackets, trailing cloaks - from Virginia Bates, the queen of vin-

"No comment," says Nicole Fischelis, vice-president in charge of fashion for Saks, when asked why there is no Vivienne Westwood. She, though sleekly clad in Saint Laurent for the lunch Walpole Committee - the body that promotes British luxury products overseas is generous in her appreciation of British designers. "They're the world's most free-spirited designers," she

want clothes that are more All this praise, after years

daffy inefficiency, accompanied by a few patronising words of praise acknowledging their creativity, must be balm to British ears. It is also a great chance to translate this golden moment into badly needed funds. When all this quirky individuality is managed by one of the

of brickbats about their

world's most efficient retailoutlets, it ought to be a mar-In July, Saks was bought

est department store chain in the US. It may have been little known but it is cash-

used to - and almost proud of - what Tyler Brûlê, in Time magazine last year, called the "serious cultural pillaging" that has long been a feature of the fashion world. This time round there Fifth Avenue is buying and selling the authentic thing. which gives the chosen few a

that they are more than just ers, with some 55 different, eccentric, wayward creative forces, that they can actually deliver and produce on time, by Profitt's, the fourth larg- and consistency and that

Quite what New Yorkers rich and has a fat real estate in particular and Americans portfolio which should allow in general, addicted as they believes. "Women today it to inject funds into are to their strictly codified servatism and eccentricity, were still awash with strict trouser suits, tailored skirts and jackets, shades of black and grey and taupe with nary a velvet-bordered cardigan, a wisp of flirty skirt or

PS: If you're British don't designers' wares in New York - the prices, naturally, are almost double what they would be in London.

bought

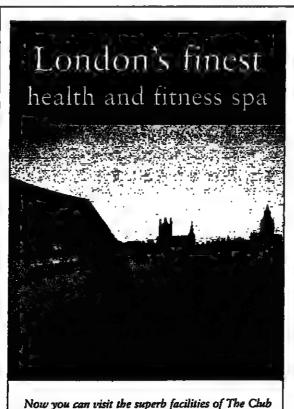
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The difference between success and failure is paper thin.

FINANCIAL TIMES No FT, no comment.

ENTHERYS!

FOOD AND DRINK

Gordon Ramsay's new venture is super cool, but the food is destined to be a red hot success, says Giles MacDonough

t used to be the case that promising chefs went to France to acquire that final polish which marked them out for the top jobs. Now it seems they go to Australia. In a few short years wondrous alterations have been made to London's culiflary scene.

Gordon Ramsay is pld-fashioned from this point of view. He did a full three years, the length of a degree course, in excellent Parisian kitchens. His first mentor was Guy Savoy, the owner of a much admired two-star, then he went one better and spent 10 months with a modern legend - one who has now sadly hung up his toque - Joël Robuchon.

Ramsay became a celebrity on his return. His Aubergine was a tiny restau-€ant off London's Fulham Road famous for the length of its waiting list. Those who were lucky enough to get a table came back awestruck; they spoke about Ramsay's now famous "cappucino" of harlcot beans; his treatment of scallops; a beef dish involving oxizils which has now, for obvious reasons, been struck from the repertory; and the crème brûlêe with pressed Granny Smith apples. Their enthusiasm was shared by the Michelin inspectors, who handed out first one, then another pre

Now Ramsay has aban doned Aubergine to become his own boss at "Gordon Ramasy", on a Chelsea site long associated with Pierre Koffmann's three-star Tante Clairs. The opening of the new London restaurant last week was the big event of the season, possibly of the

Ramsay has a tough act to follow, but he makes light of it. For those familiar with Koffmann's restaurant, the change at the helm is instantly apparent from the temperature of the redecused to have the air-conditioning on at one, I have set it at seven," said Ramsay. My companion's teeth chattered as she ordered a whisky and looked for sympathy among the women in skimpy dresses.

- I had some Laurent Perrier rose as I took up the manu. Lots of things have been carried over from Aubergine, including a few of the syntactical mistakes which made the last menu amusing: roasted this and roasted

At least Ramsay is consistent. I have seen fish listed as roast and roasted on the same list, and floundered for an explanation.

Ramsay's "cappucino" is a modification of a Robuchon classic. Robuchon, who did not allude to coffee, made it much chunkier, with plenty of beans and big, identifiable chunks of truffle, bacon and a quail's egg at the bottom. Ramsay's is light and fluffy, contains a few beans and Tewer girolles, and smells of

Truffles cropped up again and again. This does not worry me much: I love truf-lies. But September is not a great time for truffles, and they tend to be a bit tired



Fireworks for the chattering classes

and lacking in aroma until the big, black melanosporum come on stream around Christmas. Another signature dish which performs a walk-on role in a number of recipes is foie oras. Ramsay's has always been spectacularly good and there were no complaints about its appearance in the slices of pig's trotter along with a few sweetbreads, even if the chef himself thought he could do better, and was bringing in the team on their day off to retune the recipe.

I ate excellent scallops, served with tiny little cauliflower fritters spiked with curry powder. Another impressive conception was a large lobster raviole paddling in basil purée and a concentrated lobster bisque.

A Bresse pigeon bathing in cep stock was greeted with disappointment. The mushrooms were having trouble making their presence felt, although there was high praise for stuffed cabbage which came with it. I had some rich, caramelised sweetbreads coated with sliced veal kidneys with a port sauce and more crispy

truffle disks. The dish benefitted from the counterpoint of a Côte Rôtle from the largely French wine list.

A perfectly deformed wanton-looking Epoisses made the cheese board hard to resist. The real fireworks began with dessert. Ramsay betrays his ambition to land his third star here. In other restaurants of this ilk. puddings come in waves, like infantry attacks. A prune and armagnac ice was followed by some amusing 'cornettos" which arrived on a painter's palate flanked by an edible paint brush.

tarte, or rather tartelette Tatin was my partner's crème brülée was mine. It was the first time I had tried the dish. The sour apple juice acts as a foil to the cream, which is studded with slices of dried apple Superb sweet macaroons and chocolates followed.

A sweet Vouvray came from the same Loire Valley as André, the sommelier. Elsewhere the service occasionally bordered on the oleaginous. It was a change from Koffmann's time when frigidity was the name of the game. Maybe this warmth was designed to counter the effects of the hyperactive air-

Joking apart, Ramsay will certainly get it right fast. and I have every confidence that he will rectify the one or two tiny infelicities in the kitchen; teething problems of this sort are legion in the first week of an important new restaurant, and we know enough about Ramsay to say that he is a consum mate professional.

Whether the site will prove lucky for him and he achieves his third star is also too early to tell, but Gordon Ramsay" is the



very model of a French restaurent, and this is wise: as vet the Michelin Guide has failed to recognise the ascendancy of the Australians.

■ Information: Gordon Ramsoy, 68-69 Royal Hospital Road, London, SW3; tel 0171-852 4441. Menus at £25 (lunch only), £50 and £65 (dinner only), excluding and service

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Cookery

Delicate, sappy and at their best now

Philippa Davenport picks some zingy recipes for the courgette glut

sunshine and lashings of rain in the UK have combined to make courgettes grow fast fingered and do not much and furiously over the past care for deep-fat frying. few weeks. Prices have Instead, I simply dust the fallen sharply. Greengrocers are practically giving them away. Pick-your-own farms and farm shops welcome courgette buvers with open arms. Such is the glut in Wiltshire that, any day now, expect to see cardboard boxes of courgettes at garden gates, slongside boxes of windfall apples with hand-written "help yourself"

صكنا من الاعل

gettes. Their delicate sappy green flavour depends on it. If stale, the vegetable is a flabby and tasteless disap-

And few flowers wilt more quickly. The great advantage of growing your own is that you can pick within minutes of eating, while those who live close to a good pickyour-own farm can benefit from ultra-fresh produce without the labour of grow-

There are only three courgette plants in my garden but every day a handful of young courgettes is ready to parvest and a few trumpeting yellow-gold flowers as well. Forget to gather them one day and, by the next, they have turned into semimarrows and rotting brown

thing or two about courfor cooking. These are easily distinguished from the female flowers by the long thin stalks on which they grow, it is regarded as wasteful to cook the female flowers (identified by the fact that they carry their baby courgette fruitlets behind Apart from committing that the tips of any squash infanticide in culling them plant can be used, but courthat young, any vegetable so gette are best as they boast is done to your liking and juvenile sadly lacks flavour. generous bunches of embry-

If you ask nicely, the onic fruits and leaves. Pickrequest for a bunch of cour- your-own establishments take the courgette sticks flavours before serving. gettes flowers is unlikely to pe refused by an enterprising p-y-o farm. You may even be allowed to pick a modest bouquet for free now and then if you agree to pollinate a few young female flowers, an easy task.

Courgette flowers make decorative mouthfuls in their own right, and are of course a natural garnish for courgette recipes. Classicists will want to stuff them with ricotta cheese. Parmigiano

arm tempera- and pine nuts or courgette obliging enough to supply more or less in a single tures, some mousse for baking or steaming, or to dip them in batter and deep-fry them.

I am not that nimbleflowers with well-seasoned flour and shallow fry them until lightly frazzled. If there are enough, I serve them as part of an antipasto with shiny-sweet, boot-buttonblack Taggiasca olives, smooth slices of buffalo mozzarella cheese and fillets of salt anchovy, a pleasing contrast of textures and tastes, bot and sold.

Alternatively, I scatter the crisp golden petal confetti over courgette risotto or orzotto, or float it on a courgette soup seasoned with basil and Parmigiano, or use t to finish any simple courgette salad or vegetable dish.

Anyone who grows, or is tempted to grow, courgettee or other members of the increasingly popular squash tribe, may like to take note of a new book, Pumpkins & Sauashes by Janet Macdonald (Grub Street, £17.99). tion and decoration tips as well as all manner of recipes, with the courgette selection running from courgette and

cucumber mousse via courgette pickle to an American courgette and chocolate Harvesting hints include a warning about the sticky clear liquid exuded by cut courgettes ends, illustrated by the sad tale of how the author once ruined a good

jumper by holding the hem of it and using it to carry a load of courgettes back to the house I was intrigued by Macdonald's recommendation to cook courgette tips or cime di zucchini, an idea new to me. The tips are apparently in Italy and sold in markets tend to fade before the cour- when the onset of cold gettes have grown more weather causes the plants to than an inch or two long. cease production. She says

keen cooks with courgette flowers may also be willing to let you gather the tips before the plants are pulled up at the end of the season.

Another Italian trick, not mentioned in Macdonald's book so far as I could see. but worth passing on, is the practice of cutting courgettes into sticks rather than rounds for cooking. Sticks are arguably prettier than rounds and there is a practical advantage. Cutting the vegetable lengthways reveals the centre. If this is courgettes are slightly larger and older than you would

wish, the core can be

neatly and easily, leaving no trace of imperfection to spoil

the eating. Handfuls or more of fresh courgettes coming into the kitchen daily keep the cook on his or her toes. Often I find the simplest cooking solutions are the best.

Simplest of all is to lightly steam very amail couracties (for how long depends on circumference) then slit them lengthways in half without cutting them right through, and stuff them with slivers of butter aromatised with finely torn basil leaves and freshly toasted and ground coriander seed.

Also excellent are courgette sticks (150g is about right to serve two people) tossed in very hot, fruity seconds, then reduce the heat to medium-slow and cook, shaking the pan once or twice until the vegetable tinged with gold. (The pan

layer, and it should contain enough oil to film the bottom generously.) Add say, 20 torn basil leaves, remove from the flame and toss until the herbs are wilted, then season parsimoniously with salt, pepper and the meresi drip of balsamic vinegar Oregano and a squeeze o

lemon can be substituted for the basil and vinegar. For something richer for two minutes to warm them and take the raw edge off them. Meanwhile, heat a small gratin dish or couple of oeuf sur le plat dishes under the grill. Pat the cour gettes dry, put them into the dish(es) and immediately pour on 75ml double or whipping cream seasoned with 3 tbsps freshly grated

grinding of black pepper. Mix everything together and spread the sauced courgettes evenly in the dish(es). Grill for five minutes until the cheese sauce is bubbling and blistered with gold. Sprinkle dry breadcrumbs over the top and return to the grill until toasted - just 50 to 60 seconds.

Parmigiano-Reggiano and

Finally, for a taste of Macdonald's book, here is her suggestion for crispy courgettes, Neapolitan style. Cut six large courgettes lengthways into thin slices (ideally using a mixture of green and gold courgettes).

Spread them out on a tray, cover with a clean tea towel and put them out in the sun for several hours to dry. Or spread them on baking trays and dry them in a very cool

Heat 10cm depth of olive courgette slices, a few at a time, until golden brown Drain on plenty of kitchen paper. When all are cooked put them on a flat servins dish and sprinkle them first two finely chopped garlic cloves mixed with six to eight freshly chopped sprigs of mint, and finally with coarse see ealt.

Leave them for 3-4 hours in a cool place to ab



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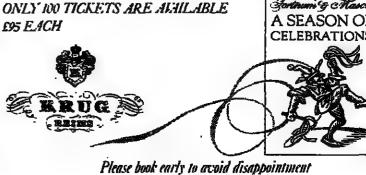


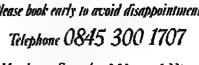
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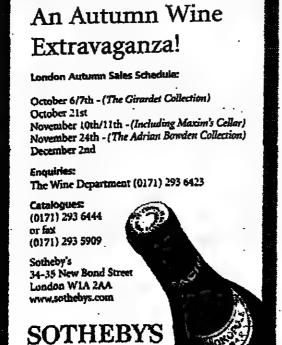


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TRAVEL

Today Giles MacDonogh starts a series on small but smart hotels. with a look at London's chic. bijou and very comfortable Halkin

ondon is particularly well off for grand hotels. Visitors have plenty of old palaces to choose from: the Ritz, the Dorchester, Claridges, the Savoy, the Hyde Park, the Connaught - all represent something of the old school. Elsewhere many grand hotels have been blighted by "management systems" and "portion control".

Not everyone, however. appreciates the formal style of a grand hotel. Many people are now looking for greater discretion, a more intimate scale or a racier, more modern atmosphere. For obvious reasons, Paris used to excel in its chic, small hotels, but as London gets loucher it might be

catching up.
The Halkin, tucked away behind Knightsbridge, is well under a decade old. The hotel was built to order. sunk behind a sober, slightly warehouse-like façade in a quiet street between Belgrave Square and Grosvenor Gardens in Belgravia

As soon as you cross the threshold, the style of the place becomes apparent. Suddenly you are in northern Italy, more specifically, Milan. There is a long foyer where people, far too smartly dressed to be British, mull over their coffees, and a small, tidy bar dispenses glasses of Roederer champagne. The rest of the ground floor seems to be taken up by the restaurant.

At the beginning, the Italian style was more muted. I remember the opening. The original chef was Paul Gayler, an Essex-born purveyor of French classicism who rapidly migrated to the Lanesborough when that was launched a few weeks



The restaurant at the Halkin: as soon as you cross the threshold the style of the place becomes apparent - suddenly you are in

- Baby Grand

Belgravia's Italian job

over-run by Italians, but they have been there ever

In its second incarnation, the Halkin's restaurant was overseen by Gualtieri Marchesi from the Albereta near Milan, one of the most famous names in Italian cooking. He installed chef Stefano Cavallini. The Albereta connection has now been scrapped, but Cavallini is still at the helm, only now doing his own thing, which he calls la cucina essenziale.

London, which continues to be hamstrung by the Br-Italian food which was created by south Italian immigrants in the 1950s. Not only are menus still dominated by unappetising combinations of veal tomatoes and cheese. but the elaborate Italian course structure is simplifled, meaning that we heretics are content to eat pasta

There should not be any danger of that at the Halkin, where the food is in a style of contemporary Italian

as a main course.

later. It was only then that lini. Good Italian cooking is which seems joyfully oblivi-the Halkin's kitchens were still thin on the ground in ous to the years of post-war British austerity. A memorable recent meal

> featured some rabbit saddle stuffed with sage and olives (but perversely served with boring snow peas); some understated aubergine and taleggio ravioli dressed in melted butter and crushed pine kernels; a very flavoursome veal kidney with spinach, steeped in garlic; some milk-fed lamb with an artichoke and thyme purée and cauliflower ravioli; and an interesting crême brûlêe enhanced with amaretto.

If I have a small criticism of Cavallini's cooking, it is of his salting: he uses too little, possibly because salt has become a dirty word. Cooking without salt is hardly desirable, however, and salting well is an art in itself.

The wine list is naturally weighted towards Italy. It is represented by the sommelier, Bruno Besa, one of the Halkin's trump cards. He is among those rare stewards you are happy to let choose. knowing that what he brings will be interesting, and not merely what is fashionable and expensive.

several times, but until recently I had never slept there. The rooms continue the Italian, designer theme. I slept on the fifth floor, under the mansard roof. There was a small antechamber which led into a long room decor-

ceiling with a baroque flourish, a little like a treble clef. A portfolio of fashion designs lay on the table, and some truly execrable CDs had been placed beside a record-player. From a huge

ated with stained wood and

mirrors. The exterior wall

curved gently, meeting the

white bed topped by a similarly Brobdingnagian headboard, a control panel allowed you to operate the many gadgets without stretching your legs. Possibly the room's best

feature was the black, white and grey marble bathroom with its majestic tub. The whole room was of a size you could splash around in no portion-control there. Information: The Halkin. 5 Halkin Street, London

SWLX 7DJ; tel 0171-333 1000. Doubles from £255. A la carte with wine £70, menus £25 (lunch), £55 (dinner),

update

MOON SHADOW: Next August 11, a total eclipse of the sun cuts across Europe. Bridge Travel (01992-456 049) promises to find you rooms along the Path of Totality, from Le Havre to Munich. In England, the path will stretch from the sles of Scilly to Devon; many hotels are booked aiready, but RAC Hotel Reservations (0870-603) 9109) can still find you a spot. It will probably be cloudy in England though sniff the Austrians, so: come and see it in the Alps: stay in Salzburg wit First Choice (0870-754 2754). Or you could watch it at sea on a cruise with Fred Olsen's Black Prince: on-board lecturer will be Walter Cunningham, who's orbited the earth 163 times. Tel: 01473-292222 Land or sea, it won't happen in Europe again until 2080.

PALACE FORETHOUGHT: Pussy cat, pussy cat, wherehave you been? I've been up to London to look at the Queen. Pussy cat, oussy cat, where was your abode? I stayed at the Rubens, right over the road. While Buckingham Palace is open to the public (to October 4) a Rubens hotel deluxe package costs £299 for two people for two nights. Details: +44 0171-834

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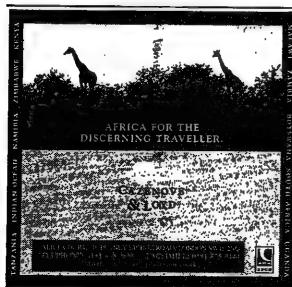
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TRAVEL

صكنات الاصل

Battle with the boards is set to begin

Arnie Wilson says snowboarding versus skiing is sure to be a controversy again this season

About to defect to a snowboard? If so, you will year's flood of board-withskiing brochures

Snowboarding's takeover of the slopes seems set to continue this winter with more companies offering both snowboard and skiing

Some, however, seem to be staging a last stand: Ski Scott Dunn and Simply Ski, two of the smaller but most up-market operators, have bravely established the most snowboard-free zones in brochureland.

When asked whether Ski Scott Dunn's eagerly awaited brochure - it has won awards for the past two years - mentioned snow-boarding, Andrew Dunn, managing director, said: "I don't think we do. I don't think we even mention it

Likewise, if Simply Ski is hoping to attract snowboarders, it may need to admit that they exist. The company proudly offers holidays "for the discerning skier" and its brochure has no photographs of boarders and scarcely even a mention of the word "snowboard". Simply Ski, however, denies that its name should be taken to mean "skiers only".

The snowboarding phenomenon continues to perplex brochure writers. Many have been forced to adopt unwieldy names. It was so simple when it was just Ski The American Dream. Now its brochure cover is "Ski and Snowboard Canada and America". No doubt we shall have to reinvent skiing nomenclature. Anyone for apres board?"

gest ski operators, makes no reference to boarding on its cover, but its commitment welcome this inside the brochure is unequivocal: there are no fewer than 26 photographs of

> By contrast, Lotus-Supertravel's brochure has pic-tures of 46 people wearing the company's yellow and orange tartan fleeces. None is a boarder.

> Mark Warner, celebrating its 25th anniversary in the Alps during 2000, has only one solitary, but powerful, image of a snowboarder.

> > One company

prints clients' honest comments: 'Evening meal good but porridge often cold'

Similarly, we have to wait until page 61 of the newly-launched British Airways Holidays Ski The World brochure for the only photograph of a boarder in action. Waymark, the cross-country specialists - also calebrating a quarter of a century - has none, but then cross-country snowboarding has yet to

This year's brochures celesprinkling of anniversaries. Thomson Ski and Snowboarding celebrates its 25th year with an expensive birthday present, having acquired its biggest rival,

companies will dominate the British market but plan to keep both products with separate brochures.

Swiss Travel Service cele brates its 50th with a special programme. Interski, which Italy, celebrates 15 years as Courmayeur and La Thuile specialist with brochure nostalgia which includes a picture of Colin McIntosh, its managing director, looking substantially slimmer in

Taking a leaf, as it were, from Interski's brochure, Le Ski. the chalet holiday specialist in Courchevel 1650, has solved the problem of providing ski "guides" or hosts in France, where such a service has almost petered out because of animosity from local ski schools. Le Ski has neatly side-

stepped the problem by starting its own ski school. Equity Total Ski and Snowboard, the Italian specialist tells us that "there's no such thing as a bad holiday in our brochure". This is perhaps why one of its clients, a "Mrs E.C. from Leeds" writes: "I have even told my ex-husband about your company. Normally I don't even speak to him."

Presumably there is no such thing as a bed holiday with Master Ski Christian Holidays either. The company quotes a study in North Carolina which has revealed the benefits of faith in lowering blood pressure. brate more than just a This would seem to give strength to its promise of "combining spiritual refreshment with the physical stim-ulation of a MasterSki holiday in the French Alps".

with Ski Peak, which oper-Ski Esprit, a small comates in the picturesque and pany specialising in child unspoilt village of Vaujany,

from clients. This year's bro-

chure includes: "My nine-

Club" and "Evening meal

good but porridge often

cold." It seems only fair to

mention some bouquets.

such as: "This was the best

family skiing holiday we

have had after six years of

trying out child-friendly

companies" and "How did

you find such motivated,

intelligent and friendly

In similar vein, a client

care on the slopes, continues with skiing in Alpe d'Huez to print honest comments reports: "Maz and Matt were always there when wanted and always absent when

> Full marks to Ski Independence, the US specialist, for having the courage to ditch what were often almost meaningless trail maps from its brochure. Another innovation, to

> encourage brand loyalty, is to write welcome home letters to clients on their return from the slopes. Panorama Ski & Snow-

board has devised special logos to indicate whether your resort and/or accommodation are likely to be

action-packed (young and lake leaked it would flood California by 14 ins, and lively) or peaceful (quiet life). I could only find one take 700 years to refill. "quiet life" logo. Make a Still on Tahoe: dogs are note of the Bonnell & Piriallowed into the Naughty

Dawg saloon in Tahoe City

Most improved brochure -

of which Panorama says, after 9pm, where mixed rather severely: "For quiet, drinks are served in dog mature guests only. The probowls and a recommended prictors live in the building dish is the French poodle and will not accept bookings brie sandwich. Sierra at for parties of young people." Tahoe has announced that What would they make of "children do not need to be Ski Lake Tahoe association's potty-trained to attend the proud bosst that "older childay-care centre".

Squaw Valley? Virgin Ski claims there are that of Ski Safari, which spemore ski lifts around Lake cialises in Canada. The Tahoe than in the entire shocking pink cover will state of Colorado - and if the stop you in your tracks.

dren, over 75, ski for free" in

glossier by the year, and Elegant Resorts Luxury Ski Holidays can hardly fall to produce a brochure worthy of

its product. In my view the most amus ing brochure, and a pretty one, is once again produced by YSE, which specialises in chalets in Val d'Isère.

My favourite cover this year is Ingham's, but best overall brochures, not for the first time, are Ski Scott Dunn's and the Ski Company's. Classy, in different ways, their sumptuous images and glossy design are worthy of a coffee-table

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TRAVEL

Deep in the forest something stirred...

Michael J Woods finds a friendly fairytale forest in Poland that would have made a fitting home for Robin Hood and his merry men

ass through the heavy oaken gate into the strict nature reserve in Poland's Bialowieza Forest National Park and you step back in time. This is a fairy tale forest, the Wildwood of 7,000 years ago. Oak, ash, lime, spruce and hornbeam soar to 130ft (40 metres) and more, cathedral pillars of trees, branchless until they form the canopy far

"Some people come expecting the eerily dark taiga forest they have in Russia, but Bialowieza is not like that," my guide, Slawek Marczuk, remarked. (Entry to the reserve without a guide is forbidden). Marczuk added: "Bialowieza is a Robin Hood forest." He is right, it is not a forbidding atmosphere - it is a friendly place.

One of the most unusual aspects of the strict nature reserve is the amount of timber on the ground. Ever since the national park was established in 1932 trees have been allowed to lie where they fell, except across tracks and paths when they are hand-sawn and dragged clear by horses. No powered machinery is allowed. A dead oak may last for 100 years and soon acquires a wonderful hanging garden of mosses, soft woodland grasses. small flowers and mysterious

As a result of this deliberate non-intervention there are some 4.000 fungi in the forest. "It is a Noah's Ark," declared Bogdan Jaroszewicz, the park's natural history museum curator. Everything - from fungi to lynx and bison – which requires a forest habitat is to be found in Bialowieza. Most species arrived when the forest was part of a much larger continuum - and now they are trapped in its isolated splen-

Bialowieza is probably most famous because it is home to Europe's largest remaining herd of free-ranging bison. They were exterminated in 1919 but a reintroduction programme using 200 stock was begun in 1929. The herd is now maintained at about 260 animals. Ironically, being grazers, they prefer to live in the forest which lies outside the national park because the felling of trees leaves clearings where grass can grow for a while. Thecaptive animals in the Bison Reserve close to Bialowieza village enable you to appreciate the size of Europe's largest land give you a nasty nudge. Bialowleza Forest covers 580 sq miles (1,500 sq km) but only 40 per cent number of soaring old growth is in Poland. I say 'only' but it trees which are gradually being still means travelling through cut. The remaining 80 per cent is continuous forest for a minimum in Belarus where it has all been



Bialowieza Forest: not eerily dark, but a friendly Robin Hood-type wood

General information

- Michael Woods flew from London's Heathrow airport to Warsaw with LOT Polish National Airlines who fly to the capital up to three times daily from £149 plus tax (0171-580 5037).
- He stayed at the Hotel PTTK in Bislowleza, a building converted from Tsar Nicholas II's stable block (+48 85 68 12505).
- The Polish National Tourist Office is at 310-312 Regent Street, London W1R 5AJ (0171-580 6686).
- Wildlife tours to Poland are organised by Naturetrek 01962-733051 and Cygnus Wildlife 01548-856178.
- Entering the strict nature reserve without a guide is forbidden and there are only about 10 English-speaking guides He was guided by Slawek Marczuk, fax: +48 85 68 12766; Bogdan Jaroazewicz, tel: +48 85 68 12689 and Mieczysiaw Piotrowski, tel: +48 85 88 12382.
- A coalition of environmental groups is pressing the government to after the status of the exploited forest and creat a national park at Biglowieza. For more information contact Bialowieza Forest Protection Society (TOPB), ul. Waszkier 1b. 17-230 Biolowieza, Polsad

Of the 230 sq miles in Poland, the national park is limited to just a sixth and only part of that is strict nature reserve. The est, unprotected and still containing a significant but declining

of 12 miles in order to reach protected as the State National Park Belovezhskaya Puscha. These two national parks were given Unesco world heritage site status in 1992, one of a handful of

European trans-frontier sites. Jedrzejewski, from the Mammai Research Institute based within the park, who, with his wife, Bogusia, studies wolves and lynx, that I realised how precarious is the wolf's position and alongside



it, that of the unprotected forest. I did not expect to see any wolves because they are generally nocturnal, remarkably cautious and secretive but there was no mistaking the pungent droppings the deep scratch marks scored by a wolf staking out the boundary of his territory.

When Jedrzejewski started work there in 1994, there were two wolf packs and a total of 12



and four packs with an emergent fifth. Only one of these packs occupies the national park, the rest live in the exploited forest. But poaching is on the increase and a rise in the wild boar popu-

snares being put down. As a result four wolves were accidentally caught. Without national park status. action is down to foresters and a

hard-pressed police force, who do their best to apprehend offenders in the villages. Across the border in Belarus, in spite of the forest's tive activity. But wolf packs are no respecters of frontiers and the

ing to feed the guns of wealthy

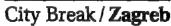
One obvious solution to part of tected." the problem is to designate the whole of Poland's Bialowieza forest as national park, especially while there is still old forest to be preserved, for it would help both lation last year led to more the wolves and the trees.

A campaign, co-ordinated by the Bialowieza Forest Protection Society, has been running in Poland since 1995 and opinion is gradually swinging in its favour. There is opposition, however, especially in Bialowieza village, and among foresters who can see only uncertainty and job

Mieczyslaw Piotrowski, a Baptist

There are already more academics and researchers in this area than in any other place in Poland and Włodek Jedrzejewski can see a university being established to work in what is a wonderful open air laboratory.

The strict nature reserve is much more than a scientific resource though. Following barely discernible animal traits and walking in to the depths of the forest, it was not difficult to see why Middle Europe has been the setting for so many fairy sto-



Not quite this, not quite that, quite enigmatic

The Croatian capital boasts no buskers and no gift shops - but Antony Thorncroft likes it

Zagreb is a not-quite sort of

town - not quite German,

not quite Polish, not quite

Hungarian. There is little of

the Mediterranean in its

atmosphere, apart from the

quickly dispels the mists

that descend from the high

Zagreb does

not embrace

ational costume is opa, its people restrained embrace the visitor, but worn everywhere and purposeful, its architec-in Zagreb - the ture solid and enduring. in Zagreb - the chequered red atian soccer team, which, by taking third place in the World Cup, brought this seven-year-old nation, at least fleetingly, to global atten-

It also brought its popula-tion on to the streets. As the decisive match against Holland progressed, the lugubrious waiter in the terraced restaurant beside the cathedral got ever more excited. retreating to the kitchens for long periods only to appear. arms waving, at each Croatian goal.

After the match, and for the next 24 hours, cars were driven by the horn, trams trailed national flags, and local television erupted with patriotic fervour.

It was the baptism of a nation. But if Croatia is now more than a name, few can point unerringly to this former chunk of old Yugoslavia on a map. Fingers might linger over its coastal strip. from Rovinj to Dubrovnik down the jagged Adriatic coast, which has attracted holidaymakers since the Emperor Diocletian built his

the visitor, but there is no feeling of rejection

land to the north. It has no great monuments, no mustsee sites, no bizarre traditions. Yet its very absence of a sense of place make it an Zagreb is not geared to

If Zagreb lacks excitement

it is surprisingly attractive.

The old town in the footbills divides into two: the cathedral and monastic buildings on one side, the administrative heart of Zagreb on the other. The government is rapidly creating a sense of national identity by renovating the medieval cathedral. and inventing traditions for the people. Watching the soldiers in their red hussars' uniforms change guard out-side St Mark's Church takes you back immediately to Ruritania. The surrounding streets, crowded with smartened up 17th century paiaces, give the impression of permanence and power.

Zagreb looks important; it

Cutting through the old town are three narrow thoroughfares, crowded with cafes. Here the affluent, quiet, locals drink coffee tourists, which makes it under canopies, while endearing for a weekend recorded music plays. No break. There are no open top food is available: in fact resbuses clogging its streets; no taurants have to be discovbuskers; no gift shops; no ered, and when located the snack bars. The grandiose adventure has only just Esplanade Hotel hugs its started Croatian is not the of an old Croatian hero, peeling, their confidence faded art deco glory like a most easily read of lan- sword extended, has been summer palace at Split, but tomb: you may be the only guages, but usually a waiter guest but the reserved staff will speak some English and busy themselves with guide you through the menu

past as Europe's outer bastion against the Ottomans. The food is good and cheap; the wine is local and cheaper. Any doubts about quality are dispersed at the Dolac market where, under bright red umbrellas, produce from the rich countryswathes of parkland, which

side around Zagreb, is sold in profusion. Dolac is just above Trg bana Jelacica, the main square, where a statue brought back to replace the short-lived Marxist totems.

remarkable late 19th century flowering of the city. As a loyal part of the Austro-Hungarian empire Zagreb had a golden age which ended abruptly in 1914. Grand buildings, decorated with imperial eagles and sculpted gods, line two extensive

mental railway station. Their stucco might be endures. In the parks are museums, the national theatre, and pavilions. In the The square marks the evening the elderly walk with latticed windows and Under wooded hills, it detachment. Zagreb is there towards the charcoal grills heart of Zagreb - dividing their dogs in scenes which

descend towards the monu-

Europe before the curtain came down on empires.

Zagreb is a city of museums; but many of them will be closed for restoration. It is a city of culture; but the palatial national theatre is quiet during the summer. Guide-books are scarce and quaint. But Zagreb is not boring. If you tire of walking, take the trams, which cost about 40p for an hour's

They take you down 19th century avenues where you can glimpse red-tiled houses exists firmly in Mittel Eur- to be explored. It does not that are a legacy of Croatia's the old town from the evoke a gracious, secure Turkish seclusion, and

grander mansions, with wide courtyards and imperial pretensions. The Croatians adapted to foreign rulers for their entire history. They are

world with a cosmopolitan,

picturesque, challenging cap-And if you get bored with sitting at a café watching this world, the countryside is half an hour away by bus Samobar, a quiet village

where the vineyards start; Medvedgrad, with its 13th century castle perched on a

gives way to countryside and hills. At its centre is a late 18th century pavilion, graclous despite its coverings of graffiti. It is a good symbol emerging into their own of Zagreb, elegant but intro-

Antony Thorncroft travelled to Zagreb on a Travelscene Family Short Holiday Break (0181-427 8800). He stayed at the five-star Hotel Esplanade, where a two-night break starts from £319 per person, based on two people sharing a train-bedded room. Prices include return schedhill; or Maksimir, a park used flights, hed and brenkwalled gardens, suggesting within walking distance of fast taxes, and return trans-



GARDENING

nation antasic

Gardening The good, the bad and the dismissable

We should trust excellent nurseries to conserve the best plants, says Robin Lane Fox

gardens in the 1890s by the range of plants which we can grow. Some of the best have come from collections abroad, especially now that China is open again and collectors are no longer obsessed with rhododendrons. Others have been bred, noticed in amateur gardens or arisen by accident. We are now much better at preserving and propagating

in the past 15 years, matters have been transformed by the NCCPG, the National Council for the Conservation of Plants and Gardens. At the local level, its groups run excellent sales of plants and occasional summit meetings, visiting the outback like opera companies on

This Sunday, from 11am to 5pm, perhaps the most successful summit meeting will be based round the distinctive Monksilver Nursery, Oakington Road, Cottenham,

Monksilver will send you a catalogue for six first-class stamps and will amage you by the range of rarities in the list. Mail order continues through the season, but I have never been successful in visiting this botanical Mecca because it open unly on Fridays and Sc.urdays between March 1 and June 30. For that reason alone, the open day would be extremely attractive.

Monksilver is run by Joe

above all from conservation galaxy. On Sunday, they are bringing together nurseries run on like-minded principles. Visitors have a chance to see the range from Sarastro Nursery in Austria, from Un Jardin du Cottage from Vosges, a glorious import of Franglais, hitherto unknown to me but

widely respected in France. These nurseries often turn up with unusual modern forms of hardy border plants I defend their

ability to

recognise which plants are better than others

those of you who want the prairie look. On Sunday, they will be accompanied by certain English favourites. including Washfield Nursery, run by the matchless eye of Elizabeth Strangman, and the rare plants and bulbs of Kath Dryden, best known to exhibitors as the supreme amateur cultivator of challenging and almost ungrowable alpines.

Trees will be represented by Bluebell Nursery from Derbyshire and another which I sometimes mention, Madrona Nursery, Pluckley Road, Bethersden, Kent. Madrona is named after the American strawberry tree, Sharman and Alan Leslie the wonderful large-leaved who are at the heart of the. Arbutus menziesii, an essen-

ardens in the excellent unfamiliar plants tum but impossible outdoors 1990s differ and particular jewels in the in the Cotswolds. Plants of all styles and shapes, including bulbs, are on offer.

This corner of the FT is in two minds about the conservation movement. In 1986, that great professional gardener and botanist, Chris Brickell, published a long lament entitled Vanishing Garden, in which he listed all sorts of old garden varieties and com-plained that they had almost

completely disappeared. One of his laments concerned little-known named forms of hardy scabious, lost to the trade since the 1920s. Arthur Hellyer reviewed

the book in this paper with majesterial authority. He remarked that some of the plants which Brickell was mourning had richly deserved to vanish. He recorded how he had looked after these particular types of scabious in his early years while working at a Sus nursery. He knew their failings first-hand and dismissed them as a miserable collection of varieties whose main aim was to dwindle away. If they had disappeared, we were better off

Do we really need to conserve everything? Somewhere, perhaps, we do, just as we certainly need copies of every published book or journal, however rubbisby they seem to us now. Today's written rubbish is tomorrow's source for social history in ways we cannot now imagine. Ideally, we ought to have a plant or two or the Hellyer memorial scabious, but we should not exchange and increase of tial tree for a mild arbore- then go on to argue that



because they are older or because so many of the parrarer. Gardeners do not have by owners who have the exists and is shaded from to bother with them, although it is fun to have most discriminating sye. I excellent to awful, however defend their ability to recog-nise which plants are better the limits between particular them around. Summit meetings like

wide and covers many aspects, but it certainly

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CADOGAN GARDENS SW3 Sunny specious innec 3rd floor date bedroom list in quality house (no 8t) shting room,

only to look at my September garden to be grateful for the selections of these particular growers.

Almost all of us grow crocosmiss nowadays, but the

participating nursery which sold me one from the old Malahide nursery in Ireland deserves its reputation. The plant is vigorous and its flowers are wonderfully impressive, a mixture of gold and orange on arching stems, two plants of which light up an entire flowerbed

Even more of us grow hardy geraniums, but a collector's classic is Geranium wallichanum Syabru. It has dark green leaves and the brightest flowers of a really pure magenta, born on a spreading carpet. It was found in Nepal and is named after a Sherpa village Magenta is a colour which many people suspect, but this plant distinguishes the better from the ordinary. The colour is wonderfully clear and clarity matters more than its exact composi tion. I much prefer a clear

With a dahlia, you more or less know what you will get, unless it is kept dry

magenta to a muddy blue. Collectors' plants have a way of putting on special displays. With a dahlia, you more or less know what you will get, unless it is kept too dry. The Kafir Lily, or schizostylis, is another matter. Experts used to tell me that it would only grow well in damp soil and that I should never bother with it. It does not mind a poor soil, but what it needs above all is plenty of water in May and June if it is to flower freely.

Schizostylis is a family in which many conservation nurseries and collections have produced revivals. selections and excellent introductions. This year, my plants of this classic fumily are flowering as I never remember before. The extra cost for extra good varieties is worth every penny.

This year, May and June were wonderfully wet and the stars in this particular family are living up to it. exactly as the connoisseurs believed they would. It is a lovely moment when knowledge and the connoisseurs' selection coincide and come

Hedging your bets

Sam Holland is not keen on larchlap fencing

encing panels should come with a warning: "Overindulgence can seriously damage your street cred". Even a compost area can be more tastefully screened, but to erect these eyesores in full view of the passing public is courting censure. If Bateman were alive he would have a field day with "The man who ... bought larchlap".

The drawback to what seems to be the ultimate barrier to spoopers, wind and mongrels is its tendency to fall apart after a few years, and its effect on nearby vegetation. The former process can be hastened by placing the base in direct contact with the soil - a point in its favour, I suppose - but hardly what

you lay out your money for. As for the second, panels are frequently erected adjacent to a newly planted bedge with the intention of removing them once the bedge is grown. Upon eventual disintegration/ removal you have - what? A one-sided hedge which may or may not grow out, according to type.

t £16.5m. the most

is not its price, but

remains beyond the foot-

Wind tunnel experiments show that the extent of the turbulence created on the lee side of an impermeable barrier is up to six times its height, so your tall herbaceous plants can expect conditions more usnally enjoyed on a British

seaside holiday. All of which suggests that if you must have a screen, it should be a semi-permeable one which filters wind and light rather than baffles them. A low picket fence springs to mind; or what the Americans call "hit-andmiss" - vertical boards fixed to alternate sides of posts and horizontal rails.

Field-grown trees and hedging are lifted and despatched by nurserymen from November, but if you are contemplating alterations in the garden in autumn, now is the time to order your own living. breathing, growing, everchanging, semipermeable, low maintenance, creosote-free. humus-producing, environmentally correct.

home-to-thousands hedge. If

A new mansion for £16.5m

fulfilled all the above requirements, they couldn't find a better answer than yew, box, hornbeam and "Oh, but it takes such a

suitable screen which

long time to mature, to get anywhere," the cry goes up. Well, yes, rather like pensions and space travel. cathedrals and children; we don't forgo them just because they won't be ready by Tuesday week.

But you can give your plants the best possible start by preparing the ground properly. I have, where the conditions dictated, planted a bedge using a two-man, petrol-driven auger with which I bored out 9in wide holes, 3ft deep and 18in apart, with complete

Better, where the length of run and depth of pocket suggest, is to dig out a trench using a miniexcavator - the tracked version, not a vertically challenged navvie - backfill to half the depth with decayed vegetable matter met for 1,000 years to find a and a handful of bonemeal

per yard, and spread the roots wide at the recommended depth and plenting distances. At this stage. I prefer to continue backfilling with a hosepipe to ensure the roots are in contact with the soil. Then

they are by definition better

go and have a cop of tea. By the time I come back the water will have drained through and I can complete the backfill with boot and shovel. If the hedge is deciduous, prune from one-third to one-half off the height, and continue to cut

this proportion off the new growth each July or August to encourage bushiness at ground level. Box or yew need no such encouragement, and their leaders should not be cut until they are 6 ins higher than the ultimate desired height. If you mulch and water

your hedge, and keep it weed-free during the early And while you are waiting for the hire company's transporter to arrive, why not use the excavator to dig a small pond, or knock down that concrete garage . . . Hours of fun for fust £100 a day.

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See Section 18 1 21 22 4 1

Test sense

Sites Illian

Marie Marie

print of the previous Bakeham Estate house, which was owned by the Sobell family. What does remain is the mature parkland, with its lake, lodge house and beautiful trees, now a backdrop for a state-of-the-art man-

The new Bakeham has almost every imaginable feature, from staff call buttons to a film-screening system in the library. There are indoor and outdoor swimming pools, a folly, a summer house and an orangery. There is a games room, a gom and a sauna.

dressing rooms and two rooms as well. There are six could be had for about half which has been developed more suites, plus staff quar- the price of Bakeham.



Bakeham: state of the art

ters and a number of cottages in the grounds. It lies just four miles from Ascot and eight miles from Heathrow Airport in the most sought-after area for

country houses in England.

Where most new properties

will have only a large garden, it has 180 acres of land. There are bigger properties on the market: Mentmore Towers, one of property in the Ascot area England's best known have traditionally come The main bedroom suite stately homes, has five state not only has a salon, two rooms and 50 bedrooms. But

more and most other grand English country houses is that they are not adapted for modern living, whereas Bakeham, in terms of security, beating and lighting systems, is custom-built. Rupert Bradstock, of the

buying agency Property Vision, sees its uniqueness and the quality of its finish as the key to its value. "If somebody wants a house like Bakeham, they cannot say they would rather wait until next year, because there won't be another like it," he points out. "It's not like buying a big house in

miss out, there is certain to be another on the market." Buyers for this kind of property in the Ascot area from the US and the Middle East. Rupert Sweeting, of with a guide price now the selling agents, Knight bathrooms, but two bed- reduced to £7m-£10m, it Frank, believes Bakeham.

Kensington, where, if you

The problem with Ment- sell to any nationality. One of the few comparable houses was the Old Rectory in Chelsea, a former vicarage, which was expanded into a 25,000 sq ft mansion That sold for £22m in early 1995 to a Greek shipping family.

If Bakeham goes for its asking price, it will be one of 1998's biggest house sales. The only house - as opposed to estate - which has sold for more this year was Aubrey House in Kensington, another one-off, which went for £20m.

Bakeham's biggest disadvantage is that it is coming to the market just as the top end is feeling the effects of the world's financial wobbles - there are even fewer potential buyers around with £16.5m in their pockets than usual.

Anne Spackman

I For more on property, see by a continental team, could separate 14-page section

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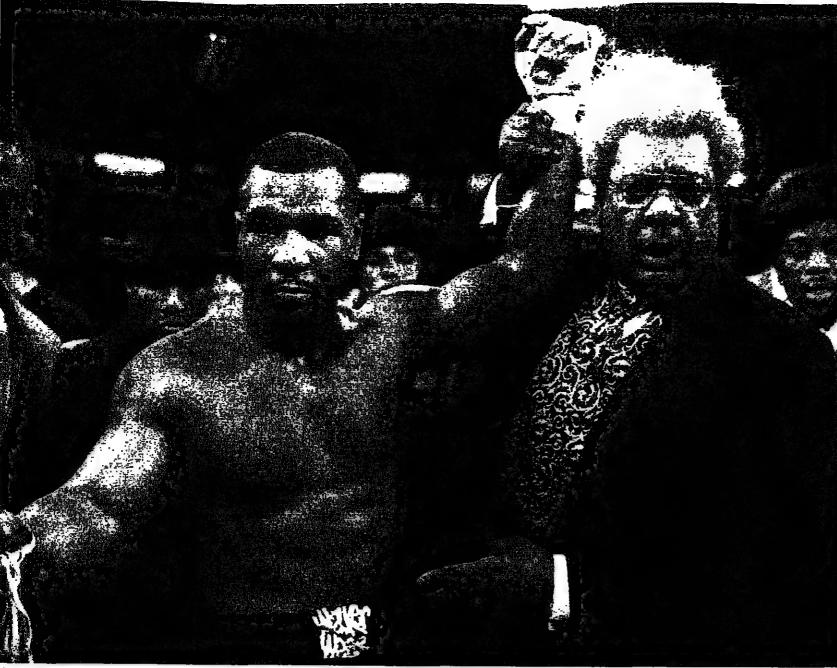
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SPORT/MOTORING



like Tyson and promoter Don King celebrate Tyson's victory over Buster Mathis Jr in 1995. Tyson is now bringing a \$100m leweuit against King alleging 'fraud and negliger

Survivor at the ringside

Promoter Don King's ability to roll with the punches may be tested again, says Harry Mullan

Tyson attempts to persuade the Nevada State Athletic Commission that, against a mounting body of evidence, he is a fit and proper person to hold a John Horne, widely perceived as professional boxing licence. If he figureheads for King. They had succeeds, his current financial crisis evaporates at a stroke, since he has recently signed a \$33m (£20m) contract with the Showtime pay-per-view company to screen his comeback. If he although their managerial fails, the career which once responsibilities were minimal. promised greatness and sporting immortality will instead end in

Proceedings in Las Vegas will be closely monitored by another deeply interested party, his estranged promoter Don King. Tyson has filed a \$100m suit against his former Svengali. claiming that King blatantly stole from him and mismanaged his affairs. Last week, the Internal Revenue Service placed a lien of \$6m on Tyson's mansion in Connecticut against unpaid taxes, while he claims to be

This, remember, is a fighter who grossed \$57m in 1997 alone, and whose gross for the six-fight comeback which ended when he bit a lump out of Evander Holyfield's ear in their remetch in

"cash-poor".

June 1997 was about \$140m. The split with King came in January, when Tyson was so outraged to find that he still owed \$7m in unpaid taxes that there was a physical confrontation between the pair in the Hotel Bel Air in Los Angeles, when he

or Skoda, the

jokes are over. No

longer is it the butt of TV comics

witticisms (sam-

ple: What do you call a Skoda convertible? Answer:

A skip). Now the marque is

known for its no-nonsense

Felicla family cars which are

cheap, reliable and offer top

value to motorists with mod-

With the arrival of the

new Octavia 5-door hatch-

back, Skoda moved well

upmarket. The model name

is not new. The first Octavia

was a sad machine, dating

several times in the face.

Prompted perhaps by his new wife Monica Turner, a doctor. Tyson sacked his two so-called managers, Rory Holloway and each received \$4.3m from King when Tyson was released from jail in 1995, and collected an additional 10 per cent each in "mana-gerial fee" from his purses, Their former client is now bringing a separate \$100m action against them, charging "fraud negligence and breach of fiduclary duty

Tyson's lawsuit against King claims that King took \$45m for himself from the purses, plus an unspecified seven-figure promotional fee; that he used his control over Tyson to generate hugely favourable deals with Showtime and Fox TV, without sharing the benefits with the fighter; that he also used his involvement to enrich himself with "site fees" (paid by a venue to the promoter in return for bringing an attractive match there) and \$27.5m worth of shares in the MGM Grand in Las Vegas, where most of the comeback fights were held; and that the MGM paid King a \$15m advance, which all went to

Don King Productions. Tyson was also required to pay "consultancy fees" to King's family members, as well as being responsible for all expenses including travel, security and even fees for King's recent legal

his morning. Mike allegedly kicked the promoter battle against fraud charges involving Lloyd's of London, which ended in his acquittal in

In the

While the amounts involved make this case more remarkable than most, it is a fair example of the inherently exploitative relationship between fighter and promoter in the modern boxing

business world such of interest would be condemned as unethical

world. The role of manager has effectively ceased to exist, since the careers of virtually all significant boxers are now locked into exclusive promotional deals with one of the major players. The boxer's earnings are subject to the promoter's largesse, in that the more he pays the boxer (over whom he has effectively assumed managerial responsibility) the less profit margin remains for himself. In the business world such a conflict of interest would rightly be condemned as unethis cal, but boxing has always played by its own buccaneering rules

and standards. King refined and perfected the

"option clause" contract, under which a boxer would only be granted a world title chance provided he signed away a specified number of championship defences to the promoter in return for predetermined purses. King used it to tie up Tyson, and

> control of the former champion. Tyson was mesmerised by King in those early days of their lopsided partnership, and I remember observing at the time bow he would trail around in King's exuberant wake like a dancing bear on the leash of an Elizabethan showman. Ancient history now, but while Tyson may secure some degree of justice from his civil case against his former mentor, there is little prospect of

claims be still has contractual

criminal charges ensuing. The "Teflon Don" nickname, indicating the authorities' inability to make charges stick, proved inappropriate when applied to the New York Mafia boss John Gotti. But it fits King perfectly. and after his July acquittal he is effectively immune from further prosecutions. The total cost of the failed attempts to put him back behind bars is estimated at over \$40m, and further expenditure is unlikely ever to be authorised, however compelling the evi-

dence might appear. This was the third serious attempt to nail him, after a largescale tax evasion trial ended in King's acquittal and a token sentence for his secretary: King celebrated by flying the entire jury to London as his guests for the Frank Bruno v Tim Witherspoon

Wembley. This summer's trial was a rehearing of a case which had collapsed in 1996, but there had been a strong feeling that, second time around, his luck might run out.

That would certainly have been a neat solution for his competitors in one of the toughest and most ruthless areas in sport. The 67-year-old King has no ready-made successor in the event of his departure or death. and the fallout from a conviction would have been massive. Until their acrimonious split it

had been widely assumed that London promoter Frank Warren was his heir apparent, and such a move would have made a lot of sense. They have much in common, sharing the same broad vision of the sport and the combination of nerve and instinct needed to make gambles pay off, but perhaps their very similarity was at the root of their feud. King's most serious challenger

continues to be Bob Arum. the one-time tax lawyer who has been his most bitter and consist ent rival since King's emergence in the early 1970s. The third force in major American promoting, the New Jersey based Main Events group, which belongs to the Duva family, has been able to capitalise on King's distractions by seducing into its camp one of his star attractions, the IBF welterweight champion Felix Trinidad. But King will survive: after nearly 30 years at the top, he has learned how to roll with the

Playing with politics

Vietnam finds soccer a game worth celebrating, writes Jonathan Birchall

down to Ba Dinh Square and Ho Chi Minh's mausoleum, and out along the West Lake, a river of small Hondas and Suzukis pitch. Riot police were in driven by young men in red headbands and red T-shirts, girlfriends on the back waving red and gold Vietnamese flags, weav- rean embassy building in the ing to and fro while the traffic police looked on. "Vietnam Vo Dich", it said on the head bands. Vietnam Champions."

just lost 1-0 to Singapore (population 3m) in the finals of a regional soccer competition few people outside south-east Asia have ever beard of. But last month in Hanoi, after the final game of the 1998 Asean Football Federation Tiger Cup. it was cause enough for frenetic celebration, with thousands of people taking to the streets of the Vietnamese capital.

"We are all keen on football," admits former prime minister and senior Communist party adviser Vo Van Kiet, "from the very highest levels of the party general secretary and the prime minister down. We believe in the future of football in Vietnam, and we hope that our national team will regain its interna-tional standing, at least in the

The Tiger Cup was Vietnam's most recent opportunity to prove that it can indeed become a regional soccer power, despite being listed only 98th on Fifa's table of world rankings. When Indonesia dropped out as host of the event, due to its political and economic problems. Vietnam promptly stepped up to the ball, despite having to spend \$600,000 (£384,000) on a new electronic scoreboard and the upgrading of two ramshackle 20,000-seat statimus in Hanel and Ho Chi Minh

But to the country's communist leadership the money must bave seemed well spent, particularly given the happy timing of the event with Vietnam's usually low-key national day celebrations. The opening ceremony at Hanoi's main stadium in late August had viewers glued to number of team officials. their television sets across the country, to witness the sort of squadrons of young women in traditional dress and flag-waving soldiers paraded beneath a smiling picture of Ho Chi Minh, while a frantic crowd chanted "Viet NAM, Viet NAM" with manic intensity. "The Tiger Cup finals... is a great international sports event in our country." boomed the loudspeakers, "To celebrate the August revolution and the national day."

In all, six top leaders turned up at the opening ceremony, including Phan Van Khai, the prime minister, and Do Muol, the former party general secretary. Each received a rapturous reception from a packed crowd as they were introduced on the giant screen, the images broadcast live across the country and across south-east Asia. "Usually, you might get one or maybe two leaders at a sports event," observed a Vietnamese friend. "But six? They are using it for . . . " he searched for the word, ". . . for advertising."

ll along Dien Bien Phu The party was clearly con-Street the motor-bikes cerned that the advertising be streamed by, through good. Each match had triple the the warm Hanoi night, normal police presence inside the stadium, with helmeted paramilitary police watching the crowd with their backs to the standby in the city centre after every game, with reinforcements deployed around the Singapacentre of town after that unfortunate defeat in the finals.

the solution

After all. soccer, not politics, Is the cause most likely to provide Vietnam (population 78m) had a rallying point. Three years ago, after Vietnam lost to Thailand in another regional soccer competition, fans in Ho Chi Minh City fought running battles with the police in the city centre and stoned the Thai consulate. And last season, Vietnam's domestic league witnessed several minor riots, including an incident in the provincial town of Vinh. when angry lans stoned visiting members of the Army Club, knocking one of them unconscious. "Hooliganism is a concern." admitted Mai Van Muon. the Vietnam Football Federation's chairman, "not only for the public at large, but for the government."

> otential violence is not the only threat to the Vicinamese game. South-east Asia has achieved an international reputation as a place where the bookies, not the players, tend to call the shots. Match-fixing is an area where even socialist Vietnam has developed a considerable degree of expertise.

> Last year, for example, the captain of the Hanoi police team was suspended after booting the ball into the back of his own net, in an apparent bid to adjust the score to the satisfaction of the bookies. "Suspicions were further aroused," reported the English language Vietnam News in its match report, "when an assistant coach and several players cried after the own goal was scored." The resulting public outcry led to a wider investigation of the league by the VFF, and eventually to the suspension of two national players and a

Teams in Vietnam are backed by government agencies or local spectacle the government provincial government, instituwouldn't normally be able to tions which already have a quesafford. Red banners, elegant tionable reputation for probity. So when the VFF announced it had discovered evidence of fire ther match-rigging by the Saigon Customs, and by police teams in Haiphong and He Chi Minh City. the only surprise was that no one was surprised.

But such embarrassments aside, the Tiger Cup seems to have further convinced Vietnam's political leaders that football is a game worth playing. Onthe Monday after their defeat in the finals, the national team was again on the front pages of the Vietnamese press, with the team. and its trainers receiving a "certificate of excellence" for their performance from the prime minister. In December, they will be in action again, this time in the soccer tournament of the. Asian Games in Thailand, And after the games, regardless of the result, the motor-bikes and the red flags will again stream through the streets of Hanoi and Ho Chi Minh City, while the riot: it police stand quietly by.

Skoda in Britain has two. problems. In the short term,... it is how to satisfy demand for the new Octavia, and. looking forward, how to change public perception of the brand. People in the know need no further convincing that the Octavia offers Volkswagen quality at -

But future potential buyers will need to be made. aware of Skoda's distin- 3 gulshed history as an industrial giant. Prewar it stacked up against the likes of Armstrong-Vickers and Krupp. Only when the communists were in charge was it condemned to make out-of-date, rear-engined Renault Dauphine lookalikes long after the rest of the world had

SAAB 900 TURBO SE door, green

Motoring

The time for Skoda jokes is over

The new models - VW quality at a discount - do not deserve ridicule, says Stuart Marshall

the top family-cum-fleet seli- estate I normally drive. I ers from household name thought it a practical and manufacturers like Ford, Vauxhall and Renault, and, it has to be said, with other Volkswagen Group brands. A Skoda Octavia TDI SLX

back to the 1930s and sold. mainly in the car-starved eastern block, until the 1960s. New Octavia - its estate car version goes on recently had the same 110sale in Britain next week is a very good product; so good it can lock horns with Passat SE TDI automatic

This is a piquant situation. It was VW that single-bandedly lifted Skoda from the doldrums into being a mainstream manufacturer and

hatchback I used for a week horsepower, 1.9-litre directinjection turbo-diesel as the

pleasing family car and, at £16,499, very good value. Compared with the Passat,

its seats were harder and it had key-operated, not electronic, remotely controlled central locking - did I hear someone say "One thing less to go wrong?" On wet mornings, I missed a rear screenwiper. The interior was a touch austere after the Passat, but for a hatchback the load space was huge - it passed my test (ability to carry two power trolleys and two golf bags) more easily than many grander cars, estates included.

The ride was firmer than the Passat's but comfortable enough and it handled neatly. Being high geared, it was just as relaxed and frugal of fuel on the motorway, easily achieving 55mpg (5.11/

100km) on a journey. I have since sampled two Octavia SLX estates, one with the 125-horsepower, 20valve petrol engine, the



made it feel flexible at sensible engine speeds. But I preferred the turbodiesel on two counts. Massive low-speed pulling power (a third more than that of the 125-horsepower petrol engine at less than half the revolutions per minute)

gears - unnecessary because

fairly low overall gearing

and safe overtaking in fourth and fifth gears. A potential fuel consumption quality standards. of more than 50mpg (5.61/ 100km) against the 20-valve petrol engine's 33mpg (8.5li

100km) is worth having when pump prices rise faster than inflation, year on year. Octavia estates cost from £14,199 to £17,199. The Felicia, still Skoda's VW Group products (Audi, mainstream model in Seat and VW>. So what are Britain, predated the VW the main differences? First takeover. It has been and foremost, price. A someother the 110 horsepower made for effortless acceleration improved beyond all recognition what basic Octavia 1.6-litre turbo-diesel. The petrol-ention, strong hill-climbing tion by incorporating VW 5-door 18 listed at only

components, production and assembly techniques and

Buyers of the Octavia In fact, Octavia is a typical hatchback have a choice of Volkswagen Group car that three trim levels, LX, GLX just happens to have a and SLX, and five engines. Skoda badge and is built in Three of them (1.6-litre, 75 the Czech Republic. The underpinnings are from the Audi A3. The petrol and diesel engines are used in other horsepower. in the estate, only GLX

and 101-horsepower, and five valves per cylinder, 125horsepower 1.8-litre) are petrol; two are 1.9-litre turbodiesels developing 90 or 110

comparable Ford Escort.

The Octavia estate costs

from £14,199. What seems to

be a massive price premium

for an estate body is

explained by higher equip-

ment levels; all estates have

air conditioning, ABS

brakes, driver and passenger

airbags, front and rear elec-

tric windows and an onboard

Styling manages to make

Octavia look not quite like a

slightly smaller version of

the Passat - the front end is

even slightly Rover-ish - but

it clearly belongs to the VW

computer as standard.

Group family,

and SLX trims and the 110horsepower turbo-diesel are offered. Transmission is by a

five-speed manual gearbox with, at present, no auto-

a discount.

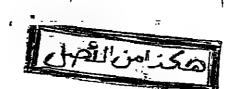
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What's on

MAMSTERDAM

Het Muziektheate

Tel: 31-20-551 8911

Dutch National Ballet:

Carlson-Humphrey-Tharp, Programme

of works by the three choreographers;

bill comprising Sinfonietta by Jiří Kylián, Grass by Mats Ek, and Start to finish by Paul Lightfoot; Sep 25

Bellange: An Unconventional Etcher.

Brings together etchings and drawings

by the 17th century Alsace artist, who was painter at the court of the Duke of

Lorraine in Nancy from 1602 until his death in 1616; to Oct 18

Van Gogh in the Rijksmuseum:

during the period of the Van Gogh

Museum's closure, a selection of its

Bill Vlola, 25 Year Survey - A Video

Journey: major survey of work by the American video artist: to Nov 29

Götterdämmerung: by Wagner. New staging by Pierre Audi, conducted by

Heinz Kruse, Jeannine Altmeyer and Henk Smit; Sep 20, 23

Hartmut Haenchen. Cast includes

www.kunstmuseumbasel.ch A House for Cubism: the Raoul La

Roche Collection. Display of works collected by the Swiss banker and

1960s. Includes works by Picasso,

given to the museum in the 1950s and

Braque, Léger, Gris, Le Corbusier and Ozenfant; to Oct 11

City of Birmingham Symphony Orchestra: conducted by Sakari Oramo in works by Sibelius, Dutilleux and

Kunst- und Ausstellungshalle der

Great Collections: the latest in this

series of exhibitions is devoted to the

holdings of 19th century French art,

and ranges across painting, drawing

the show comprises nearly 200 works

Monet in the 20th Century: more than

last decades of his life. Beginning with paintings of the garden at Giverny, the

80 works painted by the artist in the

Bundesrepublik Deutschland

Musée du Petit Palais in Paris.

Museum of Fine Arts, Boston

show concludes with five of the

monumental waterilly paintings that

Monet called Grandes Décorations; to

and sculpture; to Sep 27

BOSTON

Tel: 1-617-267 9300

BUCHAREST

Sala Mare e Palatului

BUDAPEST

Tel: 36-1-217 5222

CHICAGO

Art Institute Of Chicago

Tel: 1-312-443 3600

EXHIBITIONS

www.artic.edu

Museum of Applied Arts

Zsolnay: Art Nouveau Ceramics.

Display of 200 objects made between

1897 and 1918 at the family-owned

Zsolnay factory in Pécs. Includes goblets, vases and other objects; to

EXHIBITION

Sep 27

Chicago Symphony Orchestra:

conducted by Daniel Barenboim in works by Schumann and Mahler. With

piano soloist Radu Lupu; Sep 19

EXHIBITION

Dec 27

CONCERT

1 1

Concentrating on the museum's

Tel: 49-228-917 1200

www.kah-bonn.de

holdings are on display here; from Sep

Nederlands Dans Theater I: triple

world

DANCE

Sep 19

EXHIBITIONS

Riiksmuseum

Tel: 31-20-673 2121

Stedelilk Museum

Tel: 31-20-5732911

Netherlands Opera, Het

Muziektheater Tel: 31-20-551 8911

BASLE

EXHIBITION

Tel: 41-61-271 0828

BIRMINGHAM

Tel: 44-121-212 3333

CONCERT

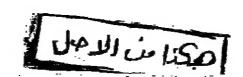
Symphony Half

Mahler, Sep 24

BONN

EXHIBITION

around the



INTERNATIONAL ARTS GUIDE

Personal States

Bully nently

THE REAL PROPERTY.

LAME DESCRIPTION

Including terracotta figures found in tombs, and findings of recent excavations; to Dec 6 Julia Margaret Cameron's Women: 60 vintage prints of Victorian subjects such as Julia Jackson, mother of Virginia Woolf, and Alice Liddell: from

Art and Archaeology of Ancient

West Mexico: more than 200 works.

E COPENHAGEN

Sep 19 to Jan 3

EXHIBITION Louisiana Museum of Modern Art, Humlebaek Tel: 45-4919 0719 www.louisiana.dk Joan Miró: major retrospective comprising 140 paintings, drawings and sculptures, including works porrowed from the artist's family since the exhibition was shown in Stockholm over the summer, to Jan 10

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DUBLIN EXHIBITION

.....





'Sun Bird', 1949, by Joan Miró, in a retrospective currently on display at the Louisiane Museum of Modern Art, Humleback, Copenhager

Irish Museum of Modern Art Tel: 353-1-612 9900 William Scott: Paintings and Drawings. 90 works drawn from public and private collections; to Nov 1

EDINBURGH

EXHIBITIONS National Gallery of Scotland Tel: 44-131-624 6200 Effigies and Ecstasies: Roman Baroque Sculpture and Design in the Age of Bernini; to Sep 20

Scottish National Gallery of Modern

Tel: 44-131-624 6200 Mona Hatoum: 46 works ranging from photographs and videos to sculptures made from materials including hair, wax, soap, steel, rubber, pins and razor blades; to Oct 25

Scottish National Portrait Gallery Tel: 44-131-624 6200 The Winter Queen: The Life of Elizabeth of Bohemia, Includes around 50 paintings, plus a selection of engravings and medals; to Oct 4

OPERA Edinburgh Festival Theatre Tel: 44-131-529 6000 The Magic Flute: by Mozart, Scottish Opera production by Martin Duncan, conducted by Richard Fames; Sep 19

FRANKFURT

OPERA Oper Frankfurt Tel: 49-69-21237 999 www.frankfurt-business.de/oper La Périchole: by Offenbach. Conducted by Catherine Rückwardt in a staging by Peter Eschberg, with designs by Peter Pabst; Sep 20 La Traviata: by Verdi, in a staging by Axel Corti, Sep 19, 25

E GLASGOW

OPERA Theatre Royal Tel: 44-141-332 9000 The Magic Flute: by Mozart. Scottish Opera production by Martin Duncan, conducted by Richard Fames; Sep 23

LAUSANNE

EXHIBITION Musée Cantonal des Beaux-Arts Tel: 41-21-312 8332 The Collection of Dr Henri-Auguste Widmer: in 30 years, Widmer collected more than 600 works of art. This display, designed to pay tribute to one of the museum's most generous donors, includes works by Boudin, Daubigny, Chintreuil and Rousseau. The exhibition also includes sculptures and a selection of antiquities; to Nov 8

I LONDON

CONCERTS. Barbican Hall Tel: 44-171-638 8891 London Symphony Orchestra: Sir Colin Davis conducts works by Mozart and Bruckner in the opening concert of the autumn season. With piano scicist Radu Lupu; Sep 23, 24

Royal Festival Hall Tel: 44-171-960 4242

 London Philharmonic Orchestra: Valery Gergiev conducts the season's opening concert. Programme includes works by Tchaikovsky and Berlioz, with the London Philharmonic Youth Orchestra, London Philharmonic Choirand violin soloist Sarah Chang; Sep 20 Philharmonia Orchestra: conducted by Kurt Sanderling in works by Brahms, Beethoven and Shostakovich. With piano soloist András Schiff; Sep 22

EXHIBITIONS British Museum Tel: 44-171-636 1555 Maori: display of more than 500 objects relating to the Maori people of New Zealand, including material collected by Captain Cook on his voyages between 1768 and 1780 giant wood carvings, canoes, tools, and woven cloaks and ornaments; to

National Gallery Tel: 44-171-839 3321 Venice through Canaletto's Eyes: taking the form of a journey along the Grand Canal, this display brings together 23 paintings and drawings of the artist's native city, mainly drawn from British collections; to Oct 11

Royal Academy of Arts

Tel: 44-171-300 8000 Chagall: Love and the Stage. A series of monumental mural paintings created in 1920 for the State Yiddish Chamber Theatre in Moscow forms the centrepiece of this exhibition. They are shown alongside preparatory drawings and sketches: to Oct 4 Picasso: Sculptor and Painter in

Clay. This first major exhibition of Picasso's ceramics will include around 100 pieces, many of which have never before been exhibited. They will be shown with some paintings and sculptures, demonstrating how Picasso developed his ideas across different media; to Jan 1

OPERA English National Opera, London

Tel: 44-171-632 8300 Otello: by Verdi. New production by David Freeman, designed by Tom Phillips and conducted by Paul Daniel Mark Shanahan. David Rendall sings the title role; Sep 19, 22, 25 Rusalka: by Dvořák, Conducted by Richard Hickox in a revival of David Pountney's production, directed by Lynn Binstock. The title role is sung by Susan Patterson; Sep 24

LOS ANGELES

OPERA L. A. Opera, Dorothy Chandler Tel: 1-213-972 8001

www.lacpera.org Carmen: by Bizet. Washington Opera production by Ann-Margret Pettersson, designed by Lennart Mörk. The conductor is Bertrand de Billy and the title role is sung by Jennifer Larmore; Sep 19, 22, 25

 Werther: by Massenet, Conducted by Emmanuel Joel in a co-production with Théâtre du Capitole Toulouse staged by Nicolas Joël and designed by Hubert Monloup. The title role is sung by Ramon Vargas; Sep 23

MADRID EXHIBITIONS

Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-467 5062 Federico García Lorca (1898-1936): centenary celebration of the Spanish poet. Includes biographical material and examples of the different forms in which Lorca worked with friends and collaborators including Falla, Dali and Bunuel; to Sep 21

Thyssen-Bornemisza Museum Tel: 34-914-203 944 Paul Klee (1879-1940): retrospective comprising over 100 works, including private and public loans; to Oct 12

MARTIGNY

EXHIBITION Fondation Pierre Gianadda www.gianadda.ch/Index.html Paul Gauguin retrospective: organised to mark the gallery's 20th anniversary. More than 100 works, borrowed from public and private collections from around the world: to Nov 22

MUNICH

CONCERTS Philharmonie Gasteio Tel: 49-89-5481 8181 Kremerata Musica: conducted by Gidon Kremer in Plazzolla's Maria de Buenos Aires; Sep 24

• Munich Philharmonic Orchestra: conducted by Heinrich Schiff in works by Beethoven, Hindernith and Mahler, Sep 20, 21, 22 Symphonieorchester des Bayerischen Rundfunks: conducted by Yuri Ahronovitch in works by Weber, Mendelssohn and Mussorgsky. With plano soloists Anthony and Joseph Paratore; Sep 25

EXHIBITION Haus der Kunst Tel: 49-89-211270 Expressionists: the Buchhelm Collection. Wideranging display of works assembled by the painter and novelist Lothar-Günther Buchheim over the past 50 years. Includes works by Kirchner, Schmidt-Rottluff, Corinth, Beckmann and Kokoschka, as well as early watercolours and graphics by Dix and Grosz; to Oct 18

NEW YORK CONCERTS

Avery Fisher Hall, Lincoln Center Tel: 1-212-875 5030 www.iincoincenter.org New York Philharmonic: Kurt Masur conducts Beethoven - The Complete Symphonic Cycle. Programme II (Sep. 19, 22); Programme III (Sep 24, 25)

EXHIBITIONS Metropolitan Museum of Art Tel: 1-212-879 5500 www.metmuseum.org From Van Eyck to Brueghel: Early Netherlandish Paintings. Almost 100

paintings from the collection, exhibited together for the first time; from Sep 22 to Jan 3

 Letters in Gold: Ottoman Calligraphy from the Sakip Sabanci Collection, Istanbul. 70 objects ranging from the 15th to the 20th century. Includes manuscripts, panels and scrolls; to Dec 13

Louis Comfort Tiffany: celebrating

the 150th anniversary of the artist's

birth, this exhibition, drawn from the museum's collection, includes leaded-glass windows and lamps, vases, furniture, enamels, jewellery and a selection of drawings; to Jan 1 The Nature of Islamic Ornament, Part II: Vegetal Patterns. Second in a

four-part series on Islamic omament from the 9th to the 18th century. Includes rare brocades and carpets; to Jan 10

Museum of Modern Art Tel: 1-212-708 9480

www.moma.org
Aleksander Rodchenko (1891-1956): first major US retrospective of the most important Russian artist of the period following the 1917 revolution. A founder and leading theorist of Constructivism, Rodchenko abandoned the traditional mediums of painting and sculpture in favour of experimental forms, photocollage and graphic design. The show presents 300 works ted between 1915 and 1939; to Oct 6

■ Bonnard (1867-1947): originated at London's Tate Gallery, this major retrospective focuses on more than 100 works produced between the 1890s and 1940s, includes landscapes, still lifes, a series of nudes, and several self-portraits; to Oct 1

 Love Forever – Yayoi Kusama, 1958-1968: display of works by the Japanese artist (b.1929), who came to prominence in the late 1950s - while living and working in New York - with a series of large-scale monochromatic paintings called Infinity Nets. Following her return to Japan in the early 1970s Kusama was largely forgotten in the US. This display includes installations and a film as well as paintings, sculptures, photographs and collages; to Sep 22

Tony Smith (1912-1980): Architect. Painter, Sculptor, Includes some 50 paintings and 50 drawings, as well as plans, sketches, photographs and models; to Sep 22

Pierpont Morgan Library Tel: 1-212-685 0008 Master Drawings from The State Hermitage Museum, St. Petersburg and The Pushkin State Museum of Fine Arts, Moscow. 120 European drawings dating from the 15th to the 20th centuries, some of which have never before been exhibited outside Russia. Includes works by Rembrandt and Dürer, with particular emphasis on the modernists Matisse and Picasso; from Sep 25 to Jan 10

Whitney Museum of American Art Tel: 1-212-327 2801 Mark Rothko: previously seen in Washington, this major retrospective of works by the American abstract artist includes loans from Europe and Japan. The 100 works on display encompass all phases of Rothko's career, from the

late 1920s to 1970; to Nov 29, ther touring to Paris **OPERA** New York City Opera, New York

State Theater Tel: 1-212-870 5570 www.nycopera.com Il Barbiere di Siviglia: by Rossini. Directed by Albert Sherman and conducted by Guido Ajmone-Marsan Cast includes Kristine Jepson, Daniel Mobbs and Matthew Polenzani:

Sep 24 Partenope: by Handel. Directed by Francisco Negrin and conducted by George Manahan. Lisa Saffer sings the Tosca: by Puccini. George Manahan

title role; Sep 19, 22 conducts a staging by Mark Lamos; Sep 23

PARIS

EXHIBITIONS

DANCE Théâtre des Champs Elysées Tel: 33-1-4952 5050 Cuban National Ballet: Swan Lake, in a staging by Alicia Alonso; Sep 22, 25 Cuban National Ballet: Giselle, in a staging by Alicia Alonso; Sep 23, 24

Musée d'Orsay Tel: 33-1-4049 4814 www.Musee-Orsay.fr Millet/Van Gogh: display of 85 works brought together to demonstrate the influence of Millet on the work of Van Gogh. These include paintings, drawings and pastels by both artists, many of them on loan from the Van Gogh Museum in Amsterdam; to

Musée du Louvre Tel: 33-1-4020 5151 www.louvre.fr

 Astronomy and Astrology in the Islamic World: display of Instruments developed by Arab astronomers between the 8th and 15th centuries. shown alongside a selection of everyday and religious objects decorated with astrological designs; to Sep 21

 Bassano and His Sons: works by the Venetian painter Jacopo Bassano (1510-1592) and his sons. The display brings together works owned by the Louvre with loans from other French museums: to Sep 21

PROVIDENCE

EXHIBITION The RISD Museum

Gifts of the Nile: Ancient Egyptian Faience. Display of ceramics, known

as falence, a mixture worked by the Egyptians and regarded by them as magical. Brings together over 200 works, including statuettes of kings, gods and animals, and inlaid boxes ranging over 5000 years. Includes works borrowed from public and private collections in the US and

Europe: to Jan 3

M ROME EXHIBITION

Borghese Gallery Bernini, the Sculptor: The Beginning of Baroque Art in the Borghese Family. Brings together pieces belonging to the Villa with loans from abroad, including the famous Hermaphrodite from the Louvre. Includes self-portraits and early pieces, and paintings by Lanfranco; to Sep 20

SAN FRANCISCO EXHIBITION

San Francisco Museum of Modern

www.sfmoma.org Alexander Calder (1898-1976): around 250 works, among them some of the best examples of Calder's formally innovative sculpture. Alongside the mobiles and stabiles are selected paintings, drawings and jewellery; to

OPERA San Francisco Opera, War Memorial Opera House

Tel: 1-415-864 3330 www.stopera.com A Streetcar Named Desire: world premiere of a new opera by André Previn, with a libretto by Philip Littell based on Tennessee Williams' play. The staging is by Colin Graham, with designs by Michael Yeargan. André Previn conducts and the cast stars

E STOCKHOLM **EXHIBITIONS** Moderna Musee Tel: 46-8-5195 5200

Renée Fleming; Sep 19, 23

www.modernamuseet.se International Surrealism: works from the collection by artists including Dali, Duchamp, Magritte, Ernst and Giacometti; to Oct 5 Man Ray: Objects of My Affection.

Album comprising 36 sheets compiled in 1944 when Man Ray was working in Hollywood; to Oct 5 The Desiring Eye: 220 works spanning the history of photography, from the 1840s to the present. Includes works by Hill-Adamson, Julia Margaret Cameron, Nadar, Alfred Stieglitz, Man

Ray and Berenice Abbott; to Nov 15

TOKYO

CONCERTS Suntory Hall Tel: 81-3-3584 9999 Etsuko Terada: recital by the planist of works by Beethoven and Brahms, with the Japan Philharmonic

Symphony Orchestra conducted by Naoto Otomo; Sep 22 Japan Virtuoso Symphony Orchestra: conducted by Philippe Entremont in works by Berlioz and Beethoven; Sep 20, 21

 Minnesota Orchestra: conducted by Eiil Oue in works by Bernstein and Beethoven: Sep 24 Minnesota Orchestra: conducted by Eiji Oue in works by Mozart and

Mahler, Sep 25 EXHIBITIONS Tel: 813-3823 6921 The Carmen Thyssen-Bornemisza Collection: touring show of 94 paintings, ranging from the 18th century to the early 20th. Highlights Include 19th century Spenish works and works by American painters. Also on display are recently acquired works

by Delaunay and Braque; to Oct 4 Metropolitan Museum of Photography Tel: 81-3-3280 0031 Eugène Atget Retrospective: An Intimate View of Paris at the Turn of

the Century. Around 200 works by the documentary photographer; to Nov 4

TORONTO EXHIBITION Art Gallery of Ontario

Tel: 1-416-979 6656 The Courtauld Collection: 81 works on loan from London by artists including Manet, Degas, Monet, Renoir and Cézanne. Highlights include Manet's Le déleuner sur l'herbe: to Seo 20

Canadian Opera Company, Hummingbird Centre Tel: 1-416-363 6671 www.coc.ca

 Norma: by Bellini. New production by James Robinson, conducted by Stephen Lord. With sets by Allen Moyer and costumes by Anna Oliver. The title role is sung by Marina Mescheriakova; Sep 24

 Tosca: by Puccini. Conducted by Richard Bradshaw in a staging by David William. Cast includes Sylvle Valavre and César Hernández; Sep 25

WASHINGTON **EXHIBITION**

National Gallery of Art Tel: 1-202-737 4215 www.nga.gov Manet, Monet, and the Gare Saint-Lazare: places Manet's famous painting in a context provided by works by other artists and a group of related drawings, prints and photographs; to Seo 20

ZURICH

EXHIBITION Kunsthaus Zurich Tel: 41-1-251 6765 Max Beckmann and Paris: more than 100 masterpieces of modern art from public and private collections around the world. Works by Beckmann are shown alongside paintings by Matisse, Picasso, Braque, Leger and Rouault; from Sep 25 to Jan 3

Arts Guide by Susanna Rustin e-mail: susanna.rustin@ft.com Additional listings supplied by ArtBase tel: 31-20-664 6441 e-maii: artbase@pi.net

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FINANCIAL TIMES: TUESDAY SEPTEMBER 1 1998

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Weekend Investor

Wall Street

is spreading

And the remedy could be as painful as the condition, diagnoses Tracy Corrigan

hese are bad times for the US stock market, and the third-quarter earnings season, which kicks off reveal just how bad. The 15 per cent decline in the last two months was largely triggered by economic weakness in Russia, Japan and southeast Asia, as turmoil in the emerging markets began to be felt elsewhere. The potential impeachment of President Bill Clinton has added a further worry for investors.

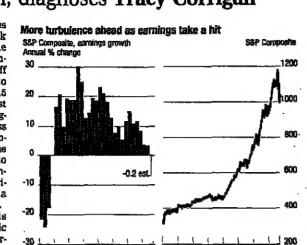
But the realisation is dawning that the economic difficulties and market turmoil elsewhere are having a direct negative impact on US company earnings. For the first time in seven years, corporate quarterly earnings are likely to fall rather than rise in the third quarter. First Call, which collates earnings estimates, expects third-quarter earnings will

So far. 181 US companies bave warned that their third-quarter earnings will be below analysts' expectations, according to Chuck Hill. The number of earnings warnings is "clearly going to be well above" 259 pre-an-nouncements ahead of thirdquarter earmings a year ago, and could exceed the 493 before the last batch.

In the second quarter, the energy, technology and basic materials sectors. While the and third-quarter earnings outlook for technology is by about a percentage point, looking a little better, says and the end of the strike will Hill, basic materials such as mean a percentage point Furthermore, the financial sector, which had an tion impact lessens in the extremely strong first half, fourth quarter, because the has been badly hit by exposure to Russia and Latin America. And, says Hill,

equipment companies. So are poor third-quarter earnings already priced into the stock market? "To some degree, says Hildegard Zagorski, stock market analyst at Prudential Securities. People know the earnings are not going to be great but may not be aware" quite how bad they are going to

be, she cautions. In fact, it seems that not only investors but analysis are having a hard time coming to terms with the bad news. While analysts are



cent fall in third-quarter earnings, according to First Call, estimates for the fourth quarter are still at 10.8 per cent. That is "clearly too high" says Hill, given that first-quarter and secondquarter earnings came in at 3.8 per cent and 3.5 per cent

respectively. Next year's earnings expectations of 15.1 per cent for the first quarter and 19.8 per cent for the second quarter are "just ridiculous", he

There are some relatively minor positive factors to look for in the fourth quarter. The General Motors strike pulled down second chemicals are looking worse. rebound in the fourth quarter. Also, "currency translacomparison gets easier". Hill says. That is, Asian currencies had already weakened

"we're starting to see the ' in last year's fourth quarter. secondary effects" of the cri- - Still, the fact is that the sis, for example, among farm economic conditions which first prompted the financial crisis are getting worse rather than better, and their impact is spreading. Many analysts have been

surprisingly slow to get to grips with quite how bad the picture is. At the beginning of 1998, they were looking for 13.9 per cent earnings growth for the full year. That has now come down to 4.5 per cent, but that would still require a big rebound in the fourth quarter which looks increasingly unlikely.

"it's a cyclical downturn,"

believes Hill. "At some point the analysts will capitulate and cut the numbers for everybody for a year out. As US companies enter a third quarter of disappoint ing earnings "you would think they would start throwing in the towel". So is

a grim third-quarter earnings season likely to out further downward pressure on US stock prices? Possibly. Profit warnings for individual companies have been prompting sell-offs in the relevant sectors - for example. US oil stocks fell on Friday after Shell's profits warning

It should at least help perpetuate the recent volatility in the US stock market. which has been bouncing up and down between 7,400 and 8,100 on the Dow Jones Industrial average. But investors are already looking further forward. What would really help the market - and in time corporate earnings would be a sign that economic and financial problems elsewhere in the were being addressed.

But since the remedies are likely to be as painful as the condition, there is every chance that things may get worse before they get better. at least in the global economy. And an end to the "will they/won't they "move to impeach the president. agony would not come amiss

Dow Jones Ind Average 7,945.35 + 149.85 8,024.39 + 79.04 8.089.78 + 65.39 7.873.77 - 216.01

The market malaise If 'twere play'd upon a stage

In some gods we must trust, says Philip Coggan

ovel readers and playgoers will, be familiar with the concept of deus ex machina, the outside force that arrives to save the hero or heroine at the last moment, such as a legacy from a rich, forgotten aunt.

Markets were relying on a couple of dei this week - on Alan Greenspan, the chair-man of the US Federal Reserve, to give a broad hint that US interest rates were about to fall and on the G7 gathering of leading economies to produce a rescue package for Latin America. Such hopes may yet be ful-

rally at the start of the week, world stock markets started to lose heart on Thursday. A speech by Greenspan to Congress on Wednesday was eagerly awaited for its reflections on interest rates; in the end, he made no reference to domestic rates and appeared to rule out a co-ordinated round of cuts from the G7.

Highlights of the week

287%

61 14

TEN

1078%

+132

-53%

Longho Africa

Tibbett & Britten

957%

77%

1155

1244

94%

1120

285

533

485

421

518%

374

Converging yields

America's biggest country, but it seems more likely that the big banks, rather than governments, will have to be the providers of the

money. The US Congress has been reluctant in the past to dole out money to foreign governments, and President Clinton is in no position to impose his authority.

The main concern for markets at the moment is that there is/a kind of "deflation bug" which has gradually spread from Asia to Russia and now Latin America, and that the US and Europe could be next to fall ill. Hence the desire for some kind of vaccination against the disease, in the form of interest rate cuts or a rescue

For US and European equity markets, the danger is that the emerging markets crisis will dent the rather

There may yet be a rescue lysts have for corporate prof-package for Brazil, Latin its in 1998 and 1999. There were warning sig-

day, Alcatel, the French telecoms group, unveiled a profits warning which so upset the market that its shares fell by 38 per cent and electronics and telecom equipment stocks across the continent were caught in the

On Friday, Royal Dutch/ Shell, one of Europe's biggest companies, warned that the business environment in the second half of the year would be significantly worse than in the first. The weak oil price has played a substantial part in Shell's problems but that, in turn, owes much to the downturn in emerging markets.

The UK stock market is helpless to escape these global problems. On Thursday, the FTSE 100 index fell 158.8 to 5,132.9, leaving it back once again below its end-1997 level. Yesterday,



the index fell 77.3 to 5,055.6. There may be some comfort, however, from the fact that domestic economic conditions had already persuaded analysts to downgrade their earnings information group IBES, at 11 per cent, the UK has the lowest expected earnings months of any of the G7 nations. (However, that estimate still looks absurdly

optimistic.) And there is a good chance that UK interest rates have peaked. The August minutes of the monetary policy committee, released this week, showed that seven members had voted for unchanged rates, one for a rise and one

DeAnne Julius, the only woman on the committee. was once again the manufacturers' heroine, voting for a reduction, while their villain was Willem Buiter, who has frequently been the main advocate of rate rises.

England governor, promised towards that level - as they the Trades Union Congress have in Italy. that rates would be cut if inflation looked likely to undershoot the government's 2.5 per cent target. And the good news this week was that August figures showed that underlying inflation was back at the target level.

That means that real (after inflation) interest rates are now 5 per cent, quite a high level by historical standards. So if the Bank does decide to cut rates, there is scope for quite a significant fall. Meanwhile, what has been

bad for equities in recent weeks has been good for

On Thursday, the yield on the benchmark 10-year gilt fell to 5 per cent for the first time since March 1957, when forecasts; according to the Harold Macmillan was prime minister, the European Economic Community was founded and parking meters had yet to grace London

The world has changed a lot since those days,* although the Mousetrap was already breaking records on the West End stage. But investors are willing to accept 1950s-style bond yields, of course, because inflation is back to 1950slevels. The five-year inflation average in 1955-59 was 3.1 per cent, according to Barclays Capital.

There is scope for gilt yields to fall even further. After all, in Germany, the 10-year government bund yields less than 4 per cent; a promise by the UK to join the single currency would Eddie George, the Bank of bring gilt yields down

And if one really wants a sight of what a long period of deflationary pressure cans do the bond market, one need only look at Japan, where the 10 year yield is a

staggering 0.66 per cent. So the old assumption that bonds are dull and not worth the time of investors is out of date. Of course, it could be that some unexpected forces will emerge to change the outlook for the global economy and restore the cult of the equity. That Il be the det.

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Barry Riley



The Japanese disease

An ageing population is the fundamental problem tive; the question is what is people of working age for each

pensioner, against four today.

ravel, they say. broadens the mind but does it facilitate understanding? Gordon Brown, the UK chancellor, visited Tokyo this week and told an audience of Japanese bankers that Japan must boost its economic growth. On the same day, however, the credit rating agency Standard & Poor's estimated that Japanese banks

bad debts had reached some

Y150.000bn (£660bn).

Not only Brown is on the move. We are entering the international bank conference season, during which finance ministers and central bankers promise that urgent action will be taken - although only, of course, where prudently justified. This year there are calls for cuts in interest rates to avert a financial crisis; the International Monetary Fund has slashed its estimate of global economic growth in 1998 to 2 per

cent (a year ago it expected 41/4

Tumbling short-term interest rates are implied by the long-term government bond markets, where there has been something close to panic buying this week, with gilt-edged yields dipping under 5 per cent; either this is an unstable bond market bubble or 4 per cent short-term

rates are not far away. Alan Greenspan, the US Federal Reserve chairman, however, dismissed the immediate scope for cuts on Wednesday. Many western economies are still expanding healthily. Knee-jerk reactions. true, could be counterproduc-

with normal post-war recessions triggered by overheating and interest rate jumps.

Japan lies somewhere at the heart of the problem. It accounts for 16 per cent of world GDP and perhaps 25 per cent of world saving, and it has just notched up an unprecedented three

fundamentally going wrong as

the world sinks into an unusual

Eventually those pensioners deflationary slump - contrasting will live beyond their means and overspending will become the problem, not oversaving. The lengthy transition is generating severe imbalances, however. Many other countries, including Italy and Germany, are following closely behind: but in the US these demographic trends are very weak by comparison, and

Japan has only been able to defer its recession this long because of a kind of symbiosis with the US

economic contraction. It cannot be dismissed just as a unique, cranky economy with sub-1 per cent government bond yields and black hole banks. Its problems, we note, are contagious - spreading first to nearby Asia, and then maybe further affeld, with German bond yields. for instance, diving under 4 per cent, lower than they have ever been since the D-Mark was created.

Rickety Asian banking systems can take a lot of the blame for the problems. But Japan's significance surely lies also in its population structure. It now boasts the world's longes life expectancy but one of the lowest fertility rates, and the cohort now in its 50s is powering a damagingly high savings ratio. Soon the population of normal working age will actually begin to decline in absolute terms: by 2020 there may be only two

fortunately the US accounts for a much bigger 31 per cent of the global economy. In any economy, the elderly

pile up most of the wealth, but this has been especially true in Japan. High savings in the 1980s erated a stock market bubble, and a bloated banking system as the young were forced to borrow heavily because housing prices had rocketed. A minimal cost of capital encouraged industrial overcapacity, and in the 1990s this phenomenon spread through the Asian tiger economies as Japanese companies sought cheaper locations. Now there is an unfolding disaster of collapsing profits and rampant insolvency.

A huge financial restructuring is required involving massive debt forgiveness (S & P says 25 per cent of bank loans are non-performing anyway) and the swapping of perhaps half bank

deposits into equity. A year or two of hyperinflation would achieve the same objective: a fundamental transfer of net wealth from the old to the young. It is not happening, though, because Japan is run for and by old people: the "new" finance minister, Kiichi Miyazawa, is 78 years old. Japan has only been able defer

its recession this long because of

a kind of symbiosis with the US.

a much younger society where verall national saving is only half as much as in Japan (the household saving rate was last calculated at 0.6 per cent). Capital has flooded out from Japan and elsewhere into the dollar markets, requiring the US to accept a trade deficit rising to \$200bn a year. Japan and other parts of Asia save, and America spends. No problem, you may say; but the US has inherited the same old Japanese problem of a stock market bubble and there are signs of overinvestment and a future profits problem too. Short term, the politicians and

central bankers on the conference circuit will deal in immediate palliatives. In the long run, however, they must find ways to prevent the elderly from stifling growth. In trying to secure our future

we may damage it. Here are some unthinkable thoughts: retirement savings should be discouraged, house prices must be reduced, incentives for the young to bear children must be greatly increased. Such a programme will scarcely go down well in Tokyo, or in Torquay for that matter.

For an interactive guide to personal finance, visit http://www.FTQuicken.co.uk

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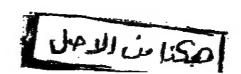
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WEEKEND INVESTOR

Last we	ek's	interio	n results	2. M. 22 O 19. 24 12. (2.2)	Last week	's prelin	ninary results	
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Abbott Meari Alliance UniChem	Med HBC	Jun	6.15 D.609	24 2	Company Sector	t to pro	A (2m) per stare (p)	
Ash & Lacy Astrone Hide	Eng	Jun	50.1 28.8 5.01 5.45	3.65 3.3 3.1 2.9	Hester Fig.	Jan 158	0 221 3.61 1.71 5 143 17.9 25.3 2 7.66 0.06 10.68	115 1 15 15 527 527
Aspen	Prop Med	Jun	4.77 2.18 15.21 0.341	22 2 - 25	Contact Parts	Jun 9.02	2 5.06 21.A 16,4	63 54
ASW Auto Precision	Eng¥	Jun Jun	9.8L 8.ML 0.28 1,96	0.3 1	Design Madershy Med	Jan 4,805	6.533 0.38 0.27	0.116 0.09
Barbican Heelth Baynes (Charles)	AIM Esq	Jun	0.01L 0.08L	1.15 1.15	Coming & Miles Staff	.Jan 12	144 153 589	13 29
BIG Black (A&C)	Gas	Jun	711 759	4.3 4	Freegant Leisure Prop	Jun 2.87	7.02 0.2 23 1 1.71 10.63 5.65	1 65
Bovis Homes	Cont	Jun .	0.289 0.203 18.9 14	4.25 4.25 3.33 -		Jun 1.3	153 28 24 222 4 70	15 45
Britannia Britannic Asses	Cont Life	Jun	1.54 6.327 210 1,108	0.6 Q.4 12 10	Haye SpSr Investo Japan Dis 1/0	M) 35.97		10.7 9.3
British Aerospece	Eng¥ Eng	Jun Jun	26.8 22.2 725 70L	0.914 0.85 2.35 1.96	Leads Sporting Lets Manyanese Bronze Eng	id 5m	6.23L 0.23 1.52L 8.21 19.32 36.38	10.5 0,5
British Polythene British Reg Air Line	PPEP		11.3 11.1 0.487L 0.579	7 6.5	Medivale Means Prop Mucklow (A&J) Cont		0.858 18.85 3.62 5 11.88 10.61 9.17	1.75 1.5 7.53 7
Carning (W)	Chem	n Jun	4,25 4.5	3.85 3.7	MMT AIME Polypipe Bioma	Jun 3CA	1.05L 3.7L 4.2L 1328 14.19 13.48	346 333
Capital Corp	Eksis Leds	Jun	48 4 5.01 8.86	3.25 3 1 2.125	Pressic Income NoTir	Just 163.5 Jun 2.61	1428 457 486 1487 118 9.5	4515 43 325 33
Capital Ind Casseti	PPSP Med	yin yin	1.48L 3.47 0.409L 0.42L	1 2.85 1,5 1.5			1.28 20.36 21.41 36.1 15.7 11.4	126 12 405 36
Cilinton Cards Coutts Holdings	RUG	Jun Jun	0.895L 1.8L 0.86 0.839	1 0.75		Jii 132	12.6 13 12.8 2.27 42.6.24	37 13 - 22
Cussins Property Dartmoor &	Coat	Jun Jult	1.88 1.21 171.1 119.7	1.7 1.57 3.25 3	Second Alliance Ivilia	July 2,890 May 0.803	2.55 52.81 53.43	54 51.5 1 1
Dean Corpo Delta	SpSv	Jun	0.954 0.739	0.35 0.3	Systems init AME Tepnel Life High	Jan 1.57	0.728 3.1 1.4	::
Deneura Obser Meters	Prop	Jun	2.58 2.86	4.5 4.5	Thorpe (FW) EMFE Tor WTr	Jan 4.04 July 2,489	3.12 21.7 16.3 2.038 39.9 45.4	525 45 6 44
Oolphin Packaging	PEP	4444	8.71 4.01 3.75 3.2	3 25	Trace Computers SpSy		2635 6.11 3.35 2.15 20.1 19.7	11 11
Drascher RCM Smr Dunios Ewart‡	Prop	gras. Treft.	244.5 184.1 2.55 0.45	1.4 1.3	Venty EBEE Whitelemen 4 Conf.	Jun 7.571. Jun 12.4	L 28 29.	6 -
English Chins Clays Exeter Prof Cap	edn WTr	Juf	43.5 41.6 305.9 209.4	5.5 5.5	Withespeen (JD) Trans	Acg 35.13		2.2 2½ 2.7 3.1
Fakrey Fastrack	SpSv	Jul	51.2 24.0 0.07L 0.47L	3.2 3.05		·.	45.11.	w w
Folker Fulmer	Prop PP&P	Jun	1,5 2,2 2,61 2,58	0.8n 0.753 1.8 1.8	Directors Transctions			
Goest Golf Chub	FePr	Jun Jun	12.7 12.7	4.8 4	77h-Lith Supt			
Group Trust	Mīr	Junt	63.1 0.0	0.5 0.33	Company	Sector	Shares 200	
Haden MacLetten Hay (Norman)	Eog Eog	Jun.	0.2 6.7 0.525 0.248	1,4 1.3 0.8 -	SALES Man (ED & F)	OthF	250000 86	6 1
Harriys Hunting	Esq¥ SpSv	not.	182 182 192 209	6 5.5 3 3	CGU Jardine Llyd Thmpan	hns ins	6929 6	4 1 8 1
Independent Radio Inish Life ‡	AIM	Jun Jun	1.07L 1.81E, 140.2 101	4.3 3.9	GT Japan Clubhaus PLC	InvT	20000 2 800000 51	6 1
Jackson Group John Mansheld	Cont	Jun Ain	1.54 1.51	1.5 1.1	CMG PLC Sainsbury (J) Ptc.	SSer RetF	2000 38 101855 54	8 1
Kingbeter Kwik-FR	RHG	Aug	225 158	3.75 3.25	PURCHASES NetWest	Boks	4500 4	
Lionheart	Diet HanG	Jun	23 29.1 0.21 0.385	285 235 0.1 0.1	Standard Chertered Pilkington	Bnks BM&M	39456 17 311000 21	4 2
Longbridge Initi Lopex	AIM	Jun Jun	0.314 0.225 2.48 1.54	22 2 0.5 Q.4	Laporte Yule Catto & Co.	Chem	12000 6 30000 8	4 1
Matthews (B) MDIS	FdPr SpSv	Jun Jun	5.3 6.67 0.387L 3.91L	2 1.8	Beezer Hornes Eve Group	Cons	25000 3 7500 ti	8 2
Meristym Millines	Chem	AUT.	1.04 1.12 91.0 86.6	0.8 0.8 2.1 1.6	Persimmon SGB Group	Cons	65000 10 8500 1:	0 1
Morgan Crucible	Eng	Jul	57.5 56,1	7.4 7	Wilson (Connolly) Electrocomponents	Cons	38000 15 38000 4 5000 17	4 3
Morrison (Wm) MTL Instruments	REF	Jun	88.3 81.7 2.74 2.61	0.45 0.4 25 2.3	Beristord Inti	Eng	10000 2 41747 5	0 1
Next. Perpetuel UK Small -	RMG IVTr	Joh Judit	50.2 71.2 401.0 323.7	6.5 6	Cardo Engineering Cookson	Eng	50000 8	6 1
Princedale PTS	Ned BidM -	Jun - Jun	0.62 0.753 1.37 0.755	0.15 0.4 1.35 1.3	Johnson Matthey Churchili Chine	Eng HGod	8000 24 34175 30	6 3
Fixed Executive	SpSv	Jun	7.36 6.89	1.8 1.5	Coats Viyelis AIM Trust plc (The)	HGod InvT	2000000 845 53550 38	8 8
Reflex ‡ Revolon Mining	SpSv Exin	Jun Jun	0.206 1,15L 4.46L 0.91L		Brunner Inv Second Ldn American	kovT InvT	10000 25 100000 15	9 1
PMC Ruberoid	Block Block	Jun Jun	112,2 115,9	85 82 1,9 1,9	Value & income Tst First Leisure	lov L&HI	100000 124 10000 20	0 1
Saltire Schroders	Dist	Jed Jurí	21, 1.37L 141.4 131.0	5,0 4,77	Holmes Place Johnston Press	McSa McSa	14250 30 20000 33	3 1
Serviscir Serviornex	Titts	Jun	0.957 (J.102, 0.206 (J.813	1.75 1.75 2.85 2.85	Portamin & Sund Saatchi & Saatchi	Mclia Mclia	3000 34 150000 153	1
Sharpe & Fisher	Blobs	Jun	2.39 2.01	23 21	Southnews LASMO	Mdie	11000 36 10000 16	5 2
Sherwood Sup SiG	Heef Blobb	Jun	3.18 3.13 18.1 14.7	1.3 1.3 2.8 2.6	Soco International Brewin Dolphin	ONE	35000 27 7273 24	7 2
Spring Ram	HILC	Jon Jun	0,709 0.1721. 6.6 1.4L		Peptide Theraputics Sidlaw Group	Phon PP&P	20000 20 22725 20	1
Swen Hat TSS Stores	Cost R#F	Jun.	2.74 9.29 10.8 16.3	1.2 1.1 3.6 3.25	Great Portland Ests James Smith Ests	Prop	25000 52 25000 22	2 1
laylor & Francis	Med	Jun	3.87 3.58	1 -	Delphi Group Division Group	SSer	46666 152 65900 26	1
lelevision Corpn Domeon Travel	Hed Leie	Jun	1.59: 1.52 38.9L -	1.4 1.25 0.75 -	Spring Group	SSer	10000 26 15000 90	1
Ribbett & Britten Tibury Douglas	Time Cont	Jon Jun	11.68 11.56 7.96 9.18	5.9 5.5 3.2 3	Cable and Winsless Figher (J)	Tale Tms	25000 21	2
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umpyke CM		Jun	2.009L 0.096 2.11 1.91	- 0.1 1.9 1.8	including exercise of option \$10,000, information release	ns (7 if 1007	% subsequently sold, with	th a value over
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ickers (assail	Eng	Jun: Jun	149.5 15 17 232	27 27 23 23	5.			
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hare, except where piliterwise ence of 3-month figures. O	e indicated	d Lukes, 1	1 Net 2005 (美元 DE 2	PARK I THE DUTS AND	ance bought 2,000,00 at 41.5-43p, writes Chi	0 shares	Executive dire recently appoint	

Hestins u			Assertation 1	Last year	Disting (s)"	
	Company	Sector	day		100	14
	FINAL OWIDERS					
	rerAvocet Mining	Edd	Monday	•	-	-
	Sacrett Developments	Cont	Wednesday	3.0	9.0	33
	Celmgorm Demutralisation	NTr	Monday	-	-	9.9
	Gynus Group	HIDE	Tuesday	-	-	-
	ichi Computer	SpSV	Tuesday	-	-	-
	Ker Group	Const	Wednesday		4.5	28
	McBride	Head	Wednesday		7,0	25
	Northember	Dist	Wednesday		3.5 3.35	1.0
	Picza Express	Bres	Montay	0.85		
	Powerscreen inti	Eng	Tuesday	3.1	-	•
	Rage Seitware	HeeG	Manday	-		:
	Schroder Veralunes	MTr	Wednesday	•	1.92	-
	Vision	ELEE	Thursday	•	-	-
	INTERIM DIVIDENCES					
	Aquarius .	Hadi	Tuesday	3.31	8.8	-
	Avis Europe	Tres	Wednesday	1.25	3.75	-
	Benrose	PPAP	Monday	5.75	16.25	-
	Blocompatibles inti	HEC	Wednesday	4.00	-	-
	Bowrthorpe	SLEE	Wednesday		14.04	-
	Brake Bros	FOPT	Wednesday		11.2	-
	Amedon	BidM	Tueday	2.1	5,8	
	Caldwell Imrs	Dist	Mooday	0.425	1,275	-
	Chirocatere	Phon	Thursday	-	-	-
	Cor Interior	insc	Friday	8.0	3.2	_
	Crestcare	HEE	Tuesday	0.31	1.8	
	Dawson Inti	HseG	Wednesday	2.1	6.7	25
	Densitren infl	EFE	Wednesday	8.75	20	=
	Europemel .	Tr23	Monday	-		-
	French Consect in	RUG	Tuesday	0.025	3.44	-
	Hewden Stuart	Cont	Thursday	1.0	3.6	-
	IS Solutions	AZM	Monday	- 4	0.77	•
	Mayborn Group	HzeG	Monday	2.8	8.0	*
	Metairax	Eng	Tuesday	1.0	4.15	-
	Moorfield Ests	Prop	Monday	8.25	0.55	*
	Movem Histor	PPAP	Thursday	1.7	3.1	-
	Delete Gyrosiences	Pierra	Tuesday	-	-	-
	Policy Moster	ATM	Monday		-	•
		SoSv	Wednesday	→	-	-
	Guarry Software	FREE	Monday	24	7,3	-
	Ronboto.	Leis	Wednesday	-	-	-
	Ryon Hotels	Heat	Wednesday	33	11.5	-
	Sdentralghi	Life	Wednesday	3.8	11.7	
	Sun Life & Provincial	tist	Tuesday	-	-	
	Spiner	DESC.	Tuesday	3.75	7.06	
	Tarmac	Med	Monday	0.5	1.0	
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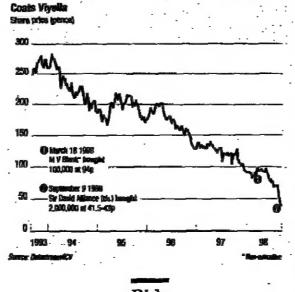
at 41.5-43p, writes Chris Hill. This came as Coats Viyella's share price hit an all-time low. Results for the first half-year did little to encourage investors as tire-

Merseyside-based glass manufacturer Pilkington was the site of two purchases. Non-executive chairman, Sir Anthony Rudd picked up 200,000 shares at in the week by executive

price has fallen back, whose experience is intended to renew investor confidence. tax profits fell to £1.6m from ness information systems

> 20,000 shares at 1940p. Recent first-half results at CMG revealed a rise in pretax profits to \$24.1m, from in dividend to 2.00p (1.30p).

consultants CMG. Chief



Bids

British-Borneo Petroleum tive of Henlys, said he was Syndicate, the oil and gas confident his bid for Dennis exploration and production company, agreed an all-share builder, would be accepted 1294m bid for Hardy Oil & even if it dipped 8 per cent Gas that could mark the below the rival offer from start of a new phase of con- Mayflower. Henlys' share solidation in the sector, scrites Michael Peel. The bid was worth £284m on yesterday's closing British-Borneo share price of 202%p.

the bus chassis and vehicle price has slipped from 512%p on August 15, the day of the at vesterday's close, reducing the value of Henlys' bid Robert Wood, chief execu- from \$288m to \$268m.

In the Pink

Contagion spreads as Asia passes the parcel

The collapse in world trade has made punters apopleptic. Brian Reading offers them some comfort

Brian Reading is a director positions. A deteriorating Initially the US had no prob- Because their currencies are of Lombard Street Research payments balance does two lem with the deflationary stronger and their econohe world owes a things. It deflates demand impact of a bigger current mies more buoyant, their small thank you to and means the sufferer can account deficit. Wall exports will rise less and Mahathir lend less (if a surplus gets Street's bull market was imports fall less. This will Mohamad, Malay- smaller) or must borrow making Americans so effortsia's prime minister and to more (if a deficit gets big-lessly rich they had stopped Donald Tsang, Hong Kong's ger). If the sufferer needs to saving. Domestic demand financial secretary. By borrow but can't, it must was booming. Moreover the interfering in financial mar- devalue and deflate. The strong dollar and falling kets they have done us a problem is passed round import prices kept inflation favour. Readers not already apoplectic may care to big and strong enough to on financing an ever larger know why. The Asian crisis stop the rot. has triggered a collapse in

world trade. Inflows dried up into a few small Asian economies, Thailand, Malaysia, the Philippines and Indonesia, then became outflows. Contagion spread capital flight to Korea, China and Hong Kong, across the Pacific to Latin America and over Siberia to Russia. There has been a massive contraction in international credit, without which developing countries cannot finance current

account deficits. Moreover those who borrowed need surpluses to repay debts. A country can move from deficit to surplus in two ways. Its exports must become cheaper and imports dearer, so that it crashed. But despite a massells more to others and buys less from them.

This option is to devalue. The other is to deflate. It then buys less of its own output and of other coun-

others by shifting demand from them. Deflation hurts all. Like pass the parcel. world trade shrinks each time a deficit is passed on. Asia was forced to move rapidly from deficit to surplus. It devalued and deflated. The rest of the until it reaches countries at bay. But can the US go

They must stimulate Wall Street falls? The bear domestic demand aggres market has put at risk

It was caused by a sharp sively and if they run big domestic demand growth current account deficits, and America's ability to they must be able to borrow If Brazil goes, Argentina and Mexico will follow. But Euroland

to finance them. The initial impact of the Asian countries' crisis was on Japan, the US and China. Europe escaped relatively unscathed. Asian imports collapsed as their economies sive competitive advantage, Asian exports have been slow to expand. Financial and physical constraints impeded production and shipment. As these ease. their exports will soar -Both reduce global Korean export volume is demand. Devaluing hurts already up 40 per cent on a

impact. So the yen fell and the economy slid into recession. Japan's bilateral balance with Asia deteriorated. but its overall balance world must therefore suffer improved. Japan passed the

current account deficit as market has put at risk

is the world's largest economy. Its current account surplus is bigger than Japan's. It alone can stop the rot. But will it?

> dollar is falling and a US recession is possible. Meanwhile, primary and oil producers' export revenues have been savaged by falling prices. They cannot borrow and have no option but to devalue and deflate. Russia has defaulted. Columbia has devalued. Brazil has raised interest rates to 50 per cent. If it goes, Argentina and Mexico will follow. Euroland is the world's largest economy. Its current account surplus is bigger than Japan's. It alone

year ago. can stop the rot. But will it?
The buck could not stop with Japan. It could not stand the deflationary outflows and to prop up can stop the rot. But will it? outflows and to prop up them to run smaller surpluses than they would othdo. So they can afford to lower interest rates to prop

imports fall less. This will help, albeit in a very small way, to reduce the contraction in world trade.

No tears need be shed for burnt hedge-fund managers They can destabilise small economies. If some go under, banks will be less willing to support their Kong has acted imaginatively in a way that reduces other investors' currency and stock market losses Recent dollar weakness has improved its chances of holding its dollar peg. Malaysia's measures have been maladroit and greatly increased uncertainty in international markets. It has effectively defaulted by forbidding for a year repatriation of portfolio sales proceeds. But as a highsavings country which does not need to borrow abroad, its exclusion from markets (which would not lend to it anyway) hardly matters.

As capital is moving ou of emerging markets, not into them, anything that stops it from leaving helps slow the downward spiral in world trade. The best solu tion would be a powerful lender of last resort, capable of reversing the massive contraction in international credit. One does not exist. A eral moratorium for emerg authorities in lending coun-Malaysia and Hong Kong tries would then have to bail out their own banks Unless Euroland stops the their currencies. This allows rot, the world risks a depression. Others will then be forced to follow Hong managed moratorium would be better than an uncontrol worsening current account buck with interest to others. up domestic demand. led spiral of default.

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FINANCIAL TIMES: THESDAY SEPTEMBER

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Simon

hilip Larkin, sitting in his librarian's office at Hull University and fingering a rather sad bow tie, expostulated on the subject "A disease which, once caught,

never leaves you alone. A drug that gives a moment's pleasure and a lifetime of pain. Don't be seduced by it - a false God which ultimately destroys all who worship at its feet."

Throughout my career, I have followed the great poet's advice. left Hull with a mediocre degree, determined to lapse into quiet anonymity. A promising future on the stage (performances in several Beckett plays won plaudits from Vancouver to Vladivostok) was thrown aside. Publishers' letters offering large advances for my first novel were ignored. Instead, I opted for life as a milkman, employed by the Co-operative Society dairy in

But the years of my happy existence among the gold and sil-

FT WEEKEND

True Fiction

The milkman who turned sour

Fame hath no fury like an undiscovered author, says Kieran Cooke

the tree-lined drives, are at an end. Despite all my efforts to achieve obscurity, the heavy hand of fame has come knocking on the door. Suddenly, I am described as a personality, a plaything of the media, a mark-

etable product. I have been discovered - and the whole thing frightens the socks off me. is partly of my own doing. Some time ago, taking a rest from my rounds. I journeyed across the US. The old Buick I was driving broke down in the small town of

newspaper.
As time went on, I found writing for various journals not only provided relaxation from my duties at the Co-op, but also gave me funds to indulge in an occasional flutter on the greyhounds. Thus I whistled my way along for a few years, carefree and unknown to the world.

This all came to an end a year ago when I had a call from Gerry Burtcracker, an old buddy from Nebraska days who now lectures at the College of Knowledge in

"Great news, Kieran," said Gerry, his voice booming down Nebraska. Pressed for cash and saddle-sore after the long drive, I the line like an echo in an empty

hold a literary festival and has decided to adopt you as its most famous native son. It could not find anyone else.

"We are marketing you as our great undiscovered talent. It's goodbye Steinbeck, hello Cooke. All your old columns have been resurrected. The college is laying on a special course in obscure writing. Even the big guns from

New York are interested."

Gerry is a pleasant person, but without an ounce of sensitivity. He ignored my protestations. Within hours I found myself back in the US, cutting the ribbon at the Beatrice Festival of

status, gaining smug satisfaction as the literati struggled to categorise my work. My essay on the Great US Hog Fair of '67 was hailed as Brechtian by some. Blytonesque by others. A column I wrote about a local beauty pageant was described by one lead-

Lately, fame, like some unstoppable leviathan, has caught up with me. The aim of Gerry and others is to unearth every word I have ever written and place it in the newly opened Cooke study centre at the College of Know-

ing critic as "breathtaking yet

ver tops, the privet hedges and took a part-time job on the local corn silo. "Beatrice wants to At first, I enjoyed my new deeply personal and some downright embarrassing (1 still blush

> But oh how quickly the worm of celebrity turns. The revision-ists have already gone on the attack, tearing into my accumus their doors in long dresses, want-lated work with the zeal of a ing to engage me in literary conpack of stray dogs set loose in an

Innocent comments I made in an article in this newspaper 10 years ago about the large amounts of jewellery worn by

politician have been labelled as sexist in the extreme" and "the work of the perverted mind of a misogynist" by the St Louis chapter of the St Joan of Arc

In India there have been street protests over observations 1. made in the mid-1970s - unnoticed at the time - concerning the poor quality of tapioca farmed in the south of the coun-

answered to the daughter of The pleasantly boring routine the one-time king of Laos) are of my existence has been swept fetching telephone number away like milk bottle tops prices at the leading auction caught in a winter wind houses. dren now interrupt my daily round with requests for autographs. Housewives who once greeted me in curlers appear at ers dog my steps, asking my

> the sun. There is no respite, no peace. Larkin was right. Being famous

Metropolis

Swimming against the nuclear tide

The first Soviet A-bomb plant is still dangerous, says Astrid Wendlandt

Sasha, a 22-year-old student plunging into a magnificent turquoise lake just outside his home-town of Chelyabinsk, an industrial city in the southern Urals.

Sasha suspects the lake he swims in every summer weekend with his friends is radioactive from decades-old mishaps that have occurred at the nuclear plant nearby. But he dives in

"If we thought about radiosctivity all day, we would stay at nome and do noth dismissively.

Citizens of Chelyabinsk - population 1.5m - operate the Mayak nuclear plant which is the largest of its kind in Russia and which built the first Soviet bomb. The nuclear complex, hurriedly built under Stellin's orders in the late 1940s by work-camp inmates, has neglected many safety measures during nearly 50 years of opera-

tion, experts say. The priority was to catch up with the US and produce nuclear weapons. The environment and the people were never really a concern," says Nils Böhmer, a nuclear physicist working for the nternational environmental group Bellona. But the end of the cold war, unfortunately, has not raised the government's interest in the well-being of the popula-

According to Chelyabinsk officials, several incidents at the plant and decades of mishandling of its nuclear waste have resulted in the radioactive contamination of more than 450,000 residents in the Chelyabinsk region and 23,000 sq km of lakes, forest and

agricultural land. Some of the contaminated environment can have a lifespan of several hundred years, says Vladislay Yachmeney, head of the Southern Urals Centre for Nuclear Safety under the Russian

sn't it just blissful?" says Ministry of Emergency Situa-

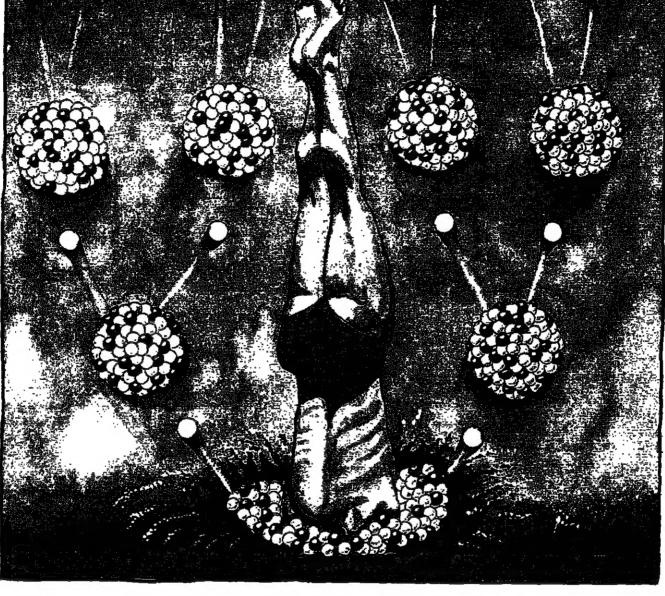
The danger for Chelyabinsk residents, who escape the city's noise and heat at their weekend dachas, is that there are practically no signs warning them of the land's exposure to radioactive materials. "Radioactivity is invisible. It's impossible to distinguish an area that has been contaminated from one that has not," says Natalia Mironova, head of the Chelyabinsk-based Movement for Nuclear Safety.

The city's dwellers can be affected by eating fruit and tables they buy at the city's open markets: no one can tell whether they were cultivated on radioactive soil or not. "I cannot deny that there are some gardens which have been contaminated," says the deputy governor of the Chelyabinsk region, Gennady Podtycsov.

The lack of information on the region's radioactive contamination is an undoubted legacy of the Soviet regime. When, in 1957, storage tank filled with af storage tank lines with high-level wastes exploded at the Mayak plant, no one was alerted and those who were contaminated were not told why they were becoming ill.

The same secrecy prevailed 10 years later, when a lake border-ing the nuclear plant, which contained several thousand cubic metres of concentrated liquid miclear waste, dried up, and its dust carried by strong winds, was spread over bundreds of miles. The lake's radioactivity is equal to 120m curies, which measure the level of radioactivity. By comparison, only 20m curies were released from Chernobyl,

Experts say the level of radioactivity Chelyabinsk residents have been exposed to in the course of the past few decades is higher than those living near the Chernobyl nuclear plant in ency initiated by Soviet president



Ukraine, where there was an explosion in April 1986. "More land was contaminated at Chernobyl but the intensity of radioactive exposure is higher in Chelyabinsk," says Yachmenev. Russian scientists admit today

that safety measures at the Ukrainian nuclear plant were neglected just as they were at the Mayak plant. "Even at the time they [the scientists] were drawing the plans for that plant [in Chernobyl], they knew it wasn't safe," says a nuclear scientist from the State University of Nizhny-Novgorod.

"One man who tried to oppose the project mysteriously had a car accident," he says. Had the incidents at the Mayak plant, like that at Chernobyl, also occurred in the mid-1980s under

glasnost - the policy of transpar-

Mikhail Gorbachev - more people would have known about information about happenings at the possible consequences, Yachmenev says.

"Chernobyl got much more

international aid and attention

Ecology ranks last on the government's list of priorities'

than did Chelyabinsk," he says. Also, the accident that occurred at Chernobyl affected several European countries and thus was more difficult to hide, he says. Since 1991, Chelyabinsk resi-

Arcadia / Hugh Dickinson

Caught by our bass instincts

dents have been able to obtain admit everything was based on

hearsay. The veil of secrecy over the plant's activities used to be the main obstacle preventing Russians from increasing safety and helping people who were contaminated. Today, it is the lack of government funds.

"If the state cannot pay its teachers and doctors, where do you think it can find money to pay for rehabilitation?" says Pod-

From 1992 to 1997, the Russian federal government gave the Chelyabinsk region less than 10 per cent of the funds planned for its rehabilitation programme, says Podtyosov. "Ecology ranks last on the government's list of priorities."

Out of the 450,000 individuals who have been exposed to radioactivity, only 26,000 or 5.7 per cent, have received some small compensation from the state, he

Those lucky enough to have their name on the regional administration's list of victims receive 200 roubles, roughly \$30, every month, and some get reductions on their telephone and electricity bills.

Mironova says loopholes in the legislation and bureaucratic complexities make it difficult to claim compensation. To date. only one family, whose two children were born with a page-long list of health defects, have managed to receive a significant amount from the state. After leading a four-year battle against the Mayak plant and the powerful Russian Ministry of Atomic

Energy that runs it, the family

last year received \$8,000. .The government's poor financial state is also responsible for delaying the relocation of several thousand residents living alongside the highly radioactive river Techa, whose source is next to the Mayak complex. Many living alongside the Techa continue to use the water for their daily needs, says Mironova. "They still wash their clothes or make tea

Since the Russian government is currently enmeshed in the country's worst financial crisis since the fall of the Soviet regime, the river dwellers may

have a long wait. In Myslyumovo, the first village down river from the Mayak plant, "almost no one can say that all their friends and relatives are healthy," says Mironova, showing pictures of babies born with barely any skin on their skull or spine. Radionuclides, released by nuclear accidents, can be stored in the body's hings, blood or bones and alter the cells' DNA. Mutations can be transmitted to the next generation. Blindness, respiratory, heart and intestinal problems are common among those individuals exposed to high doses of radioactivity.

To make things worse, activi-

ties at the Mayak plant are scheduled to increase in the future. The Russian government announced it will build new nuclear reactors there and intensify the plant's plutonium processing activities.

The US and the Russian gov erament are co-financing the construction of a \$250m facility to store fissile material from dismantled nuclear weapons. In addition, France, Germany and the US are exploring the possibility of building at Mayak a mixed plutonium-uranium nuclear plant, which can convert weapons-grade plutonium into fuel for civil power plants. "The idea behind the plant is to make sure that weapons-grade plutonium does not fall into the hands of rogue states," says a US official from the American embassy in

But, according to Bohmer, the greater the nuclear activity at the plant, the higher the probability that an accident could take place. Also, he says, the government's critical financial situation is "significantly undermining security at the plant". Many scientists do not receive their salaries for months and to survive have other part-time jobs. "This means they are often away and don't watch the plant all the time," he says.

US officials in Moscow say such a plant would require constant surveillance; the Mayak plant is already one of the world's biggest nuclear waste storage areas. Russia's financial crisis may end up leading to both social and nuclear explosions.

The fish eagle screamed at us from its perch on a dead branch hanging out over the papyrus beds at the edge of the water, It's the custom of the local boatmen to slit open a small fish, slide a wedge of cork into it to make it float and then to toss it out as a

bait to tempt the great birds.

If you're lucky, the huge chestnut brown and white eagle will sweep down on motionless wings and grab the fish from the surface with its talons before flapping lazily up to its perch to tear

it to pleces. We had no small fish to offer him. We were after bigger prey. The bass in Lake Naivasha grow to immense sizes and are notoriously fickle. A kind friend had lent us a boat with outboard and boatman for the day as well as two ancient rods and two rusty reels. We stood in amazement on the wobbly pontoon jetty and looked out across the immense expanse of the lake with its floating islands of water hyacinth below the distant battlements of blue mountains and cumulus clouds and wondered where to

Around us kingfishers whizzed across the reeds. Yellow weaver birds flitted among the tall acacla trees. Golden orioles called. Senses tuned to the pastel colours and delicate scents of an art bass rod and high-tech reel.

tropical abundance and the heat. Max, our Kenyan boatman, pointed to a distant shore and asked tentatively: "We go there?" One mile of jungly shore looks much like another but bass are choosy about where they lurk

anything looked slim. At this moment the floating pontoon rocked alarmingly. Striding towards us was an immense figure with a cheerful grin under a reversed, bright blue baseball cap. Jonty had arrived.

will take. Without local know-

"Hi there, you do me a favour!" It was a statement more than a question. His fishing partner had failed to turn up, so we would take him along with us, wouldn't we? We looked dubiously at his broad neck, immense sunburnt biceps and abundant girth. It

seemed we had little choice. if we did Jonty a favour he certainly returned it. In a trice all our shabby kit was loaded on board with his own state of the

plunged as he planted his ample frame in the bows. A rapid exchange in Swahili with Max and we were scudding off across the mirror of the lake to a promontory girded with dense vegeta-

and moody about the lures they Here and there the branches of fallen trees poked out of the ledge our chances of catching water. We anchored 30 metres off shore and Jonty got us fishing. He told us which lures to use, how deep to fish, how fast to retrieve. Clumsily we splashed our lures in utterly unpredictable directions. With effortless mastery. Jonty flicked his out 60 or 70 metres, probing every nook and cranny in the weeds with pinpoint accuracy.

> Meanwhile a continuous tory, his present occupation (big game fishing), his views on Africa and women, and, above all, bass fishing. I asked him if they were good

Nah, I tell you, man. Against my

religion!" Intrigued by this tinex- another snag but the yells of my

inside so much matter, I inquired further. His religion? I pictured some secret sect of fundamental ists lurking in some recess of the Rift Valley.

"Yeah. My religion. Bass fisher!" He guffawed and flipped his orange and turquoise lure

As it turned out, the least experienced of us hooked the first two fish

stream of anecdotes and com-ment filled us in on his life his-away. "That's where the beauties are. Right there. Out here last Sunday, got 17 bass over 5lb. Just in this spot. I tell you, man, we'll be right into them." As it turned out, the least expeto eat. "Eat the fish? Eat bass? rienced of us hooked the first two

fish. The first I thought was

alongside. Jonty viewed it with disgust. "Infant slaughter." he jeered. "Kiss it and chuck it back." He suited action to the words and my first bass was unceremoniously tipped overboard. Max looked horrifled. "Good fish, good fish, good to eat." he protested.

On the next cast I hooked another which I insisted on keeping to Jonty's open scorn, "I tell you, man, five-pounders, six, seven, dozens of them just waiting there. You'll see. Half an hour we'll be loaded with them." In a short while balf a dozen small fish were booked and

returned. Then I caught my lure in a bush on the bank having cast it with unexpected skill far further than I intended. Jonty refused to go after it. "Met a black mamba along here last time I got out. I'm not going in there, I tell you." The long-suffering Max struggled through the undergrowth to retrieve it unperturbed by Jonty's repeated Watch out for mambas, man". A hippo surfaced a couple of

curiously at us. Mesmerised, I watched it sigh and disappear only to reappear in another place still watching us. I forgot all about my lure and the 7th bass waiting to grab it. When I did remember, it was stuck in the rocks three metres down.

"Go in after it, man," urged Jonty. "1,000 shillings worth of lure down there. That's what I do. Can't afford to lose those things," I looked at the soupy brown water. I thought of the hippo. And the mamba, I decided to call his bluff "It's all yours if you want it," I

Jonty grinned. In a flash he was stripped to his underpants. There was an immense splash. The boat rocked. A glimpse of a large pink upturned bottom and two flailing feet and then only bubbles and turbulence alongside. A minute later he surfaced with the lure, chucked it into the boat and grabbed the gunwale, spouting like a grampus. We all leant far out on the other side to counterbalance his 250lb as he

hauled himself aboard. When he recovered his breath. I solemnly presented him with the lure. "Nah, you keep it, man. Looks like you'll be needing it more than me this way."

We fished on in the brilliant heat. Cloud darkened on the bills ahead of us and then disappeared in grey curtains of rain shot through with flashes of lightning. Thunder rolled across the water. Jonty was all for staying on. "I tell you before a storm is the best time. That's when the big ones bite. But keep your rods down. Best conductor yet, carbon fibre. Know several mates killed that

way. I decided to exercise the authority of my advancing years. To Jonty's disgust, we sped away from the wall of rain Looking back, we could see the little bay where we had anchored churned into foam by the storm. We caught no monsters but the three small bass Jonty allowed us to keep were delicious. I hope Max enjoyed the one we gave him as

much. We left Jonty on the pontoon chatting to a man standing alongside another boat. "Hi there, you do me a favour?"

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